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CONDITIONS
IN THE WOMEN'S GARMENT INDUSTRY

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ECONOMIC BACKGROUND

The downward slide in the economy, which some analysts say began in October 1987 when the stock market dropped sharply, intensified in the fourth quarter of 1990. This is borne out by data for some key economic indicators in October and November 1990 and by the employment data for all fourth quarter months. Although available data are still spotty, there are significant falloffs after ten quarters of relative stagnation in the Gross National Product. The data point up the sharpness of the current economic decline.

In the quarter, personal consumption expenditures, corrected for price rises, showed little important growth. Retail sales, essentially flat in real terms for two-and-one-half years, declined over the same month a year earlier in every month since July 1990. Both durable and nondurable sales were down in the year. In real terms, retail sales dropped 3.6 percent in the first two months of the fourth quarter against the like months in 1989 and holiday sales in December were the lowest since the last recession.

Employment in manufacturing fell 305,000 on a seasonally adjusted basis in the fourth quarter. In November alone the drop was 204,000, a decline unmatched in any month since the 1981-82 recession. Service employment, which had been the key to employment growth, fell 21,000 in December, despite a 55,000 gain in new health care jobs.

Recession Spreads

Losses in employment in the service-producing sector, which had provided almost all of the nation's job growth in the last decade, are concentrated in business services, finance and retail and wholesale trade, all of which can be expected to be hit even harder as the recession develops.

The official unemployment figure rose to 5.7 percent of the labor force in October, 5.9 percent in November and 6.1 percent in December. If account were taken of job holders who work part-time for economic reasons and discouraged workers, where the number in the fourth quarter surged 110,000, mostly black women, unemployment would have reached somewhere around 9.0 percent by the end of 1990, according to a little-publicized alternative definition of unemployment by the Bureau of Labor Statistics.

Initially concentrated in the northeast, recession has spread rapidly to other parts of the country. Unemployment in California, a high-employment state earlier in the year, soared from 6.0 percent in October to 6.7 percent in November and to 7.1 percent in December. In Texas, in the same months it went from 5.7 percent to 7.0 percent to 7.2 percent. In North Carolina, where unemployment had been below the national average for some time, it rose to 5.1 percent in November from 2.9 percent a year earlier and to 5.4 percent in December over 3.2 in the same month last year.

New Factors

Although the current recession has many elements of a typical economic downturn, a number of new factors have influenced its nature and will play an important, if not decisive, role in its depth and duration. Most important are the massive debt burden created by excesses in the public and private economy as well as the over-leveraged state of financial institutions and other businesses.

As a result, this recession is not the typical systemic cyclical downturn resulting from overproduction and underconsumption. More than at any time since the end of World War II, the financial and business sectors are intertwined. This difference has introduced new and greater uncertainty in an economic downturn than heretofore.

The cost of the damage done by the speculative frenzy in the Reagan years will still be borne by working people and the middle class. Higher taxes will be needed to meet the costs of government borrowing to finance bank losses and prevent collapse of more shaky banks. Current estimates are that the bailout of savings and loan banks alone can run as high as a half trillion dollars, with an interest cost amounting to about $50 billion per year. In light of the budgetary

constraints and now the cost of the Middle East conflict, support for the banks will obviously take precedence over reinforcing or even maintaining the safety net.

Uncharted Waters

That the economy had moved into uncharted waters was underlined in our report to the General Executive Board ten days before the stock market crash in October 1987. We were among the few who said that economic growth then in process was different than in the past and had a severe cost attached to it. Growth resulted from a rapid run up in federal budget deficits, a substantial rise in the national debt, the highest peacetime military buildup and tax laws that favored the wealthy at the expense of the middle class and the poor.

The first major indication that speculation was out of control was the October 1987 stock market crash. The severe drop in stock prices was temporarily papered over by a sharp relaxation in monetary policy by the Federal Reserve, which made the market more liquid. Just before the crash, we said that,

* the speculative bubble was so out of control that it could not continue to grow without bursting in the near future; and,

* military spending, budget deficits and speculation were so intertwined that the nation was faced with a breakdown of major proportions.

We concluded: "Speculative booms or boomlets run out of steam. Although the current boom has made possible creation of ever-larger debt and the military buildup, speculation also has a life of its own. Based largely on air, which emphasizes its instability, it can collapse at any time, leading to economic dislocations the magnitude and extent of which can only be guessed."

A Weak Recovery

The current recession differs from those in the past because of the large number of highly leveraged companies and their huge debt service obligations, based on high interest junk bonds, weakness in the banking system as a whole and the overbuilt condition of real estate. The financial status of the economy is further affected by the debt load of federal, state and local governments, making normal counter-cyclical programs more difficult to enact. These factors can prolong the downturn and weaken recovery.

One of the more remarkable aspects of the speculative fury is its breadth and depth in the banking community. In addition to savings and loan associations, many of the major commercial banks -- and insurance companies -- are now also in serious financial straits as a result of speculative loan activity. The overhang of bank-financed commercial buildings, shopping centers and other commercial projects, has resulted in the need to write off non-performing loans and to shore up reserves.

Rebuilding of reserves is inhibiting the ability of banks to fund new loans, even though the Federal Reserve System has loosened money. Making the cost of borrowing cheaper by dropping the prime rate to 9.5 percent has not permitted the commercial banks to increase lending because of the need to rebuild reserves. The Fed dropped the discount rate, the rate at which it lends money to the banks, to 6.5 percent on December 18, 1990. This was followed the next day by the fourth drop in seven weeks in the federal funds rate, the cost of interbank lending. At least one major insurance company is planning a public stock issue because of reserve problems.

Industry Output Off

The earlier drop in many areas of industrial production, which includes manufacturing, mining and utilities, has now become all-pervasive. In the industrial sector as a whole, output has fallen each month since September, including a sharp 1.7 percent drop in November alone, the biggest monthly decline since the last recession. All major categories of industrial output were down, while in manufacturing only paper production showed any improvement. Domestic apparel production in November was 7.6 percent below the same 1989 month.

Much of the weakness in manufacturing came from the severe drop in automobile production. Even excluding autos and auto parts, however, factory output was down 0.8 percent in November. Automobile production, usually high following the onset of a new model year in September, dropped in November to 5.3 million cars at an annual rate, more than 22 percent below the rate in October.

The slump in industrial production is also affected by the serious decline in construction activity. Output of building supplies dropped 5.1 percent in 1990 and is

expected to decline into 1991 because there is no sign of a housing recovery or that mortgage money at reasonable rates will be available. New home construction was down 13 percent in the first eleven months of 1990 over the like period a year earlier and housing starts were at the lowest level since 1982.

Operating rates for all industry dropped to 80.9 percent in November from 82.4 percent in October, while in manufacturing they were down from 81.6 percent to 80 percent. This has reduced the demand for all business equipment, especially industrial machinery, and investment has flattened out.

Whereas after the 1981-1982 recession industrial production grew rapidly, a repeat is not expected when the current recession bottoms out. Resolution of the problems in the financial sector will take time and can be expected to result in stricter lending policies. Better control of inventories with the use of the computer and caution on the part of business will keep inventories at low levels.

Imports Up

Imports, which now represent a greater share of domestic demand than after the 1981-82 recession, will take an important part of whatever spending increase occurs after the economy turns up again. Imports reached an all-time high of $46.4 billion in October, 12.2 percent over the September figure. Higher oil prices accounted for only part of the rise.

Exports were up 8.6 percent in October over September to a record $34.8 billion. However, export growth has been slowing following two years of very substantial gains. Exports of capital goods, which accounted for more than 40 percent of the rise in exports since 1987, are easing from the heady pace in 1988 and 1989, a reflection of weaker demand abroad.

Consumer prices went up 6.3 percent in November 1990 over the same 1989 month. A large part of the increase was in energy costs. It is uncertain whether this rise has levelled out. Producer prices were up 7.0 percent in the same month.

RETAIL SALES

Final 1990 sales data for the nation's retailers are still to be posted, but all signs indicate that the recession has taken hold across a broad front. For the five-month period from July through November (the latest data as this report is written) total sales adjusted for price changes were down 1.7 percent over the same 1989 months. Actual sales were ahead 3.3 percent in these months only because of a 5.1 percent increase in retail prices. In the first half of 1990, real sales were ahead only 0.5 percent while in the entire year of 1989 the gain was only 0.9 percent. Not since the 1981-82 recession has such poor performance been chalked up by this key sector of the economy.

Retailing has had problems ever since the 1987 stock market plunge made consumers nervous over the state of the economy. Inadequate income growth and overextended consumer debt also played key roles. Uncertainties over a Middle Eastern war, bank failures and growing unemployment have further dampened consumer ability and willingness to spend.

While some retailers were outwardly optimistic about the key Christmas selling season, most conducted business in a defensive posture. Ordering was conservative to keep inventories lean. Clearance sales and rebate programs were everywhere. But this year, the usual strategies were less effective. Sales to push merchandise began even before Thanksgiving and impacted profits. Consumers have become inured to retailer blandishments. They looked, but purchases did not meet even the cautious retailer expectations.

Weakness Pervasive

The retail weakness seemed all-pervasive. Durable goods sales from July on were down 1.6 percent before price adjustment and 2.7 percent behind 1989 in real terms. In the first half of the year, real sales were ahead only 0.7 percent. Even this gloomy picture may overstate retail sales. Items sold subject to manufacturer rebate are recorded by retailers at full price rather than at consumer cost. Were the sales recorded at the net price, the downturn would be even more significant.

Non-durable goods sales were ahead 6.2 percent in the July-November period, but this was illusory. After allowance for the 7.4 percent rise in retail prices, real sales were off 1.1 percent. Data for the non-durable sector are also distorted by the severe price increase this past fall in the price of gasoline and fuel oil.

Women's Wear Declines

Sales of women's and children's wear have been negatively affected by the economic chill. In the four

Retail Sales of Women's and Children's Wear by Type of Outlet*

(in millions of dollars)

Period	Total Sales	Department Stores	Women's Specialty Stores	Family Clothing Stores	Other Retail Outlets
1980	$48,287	$20,409	$16,273	$5,007	$6,598
1981	53,746	23,188	17,764	5,745	7,049
1982	59,160	24,477	20,884	6,504	7,295
1983	62,837	26,823	20,486	7,370	8,157
1984	69,514	30,189	22,276	7,927	9,122
1985	75,489	32,136	24,504	8,648	10,201
1986	82,223	34,586	26,791	9,438	11,407
1987	87,258	36,603	27,351	10,547	12,757
1988	93,136	38,941	28,802	11,606	13,787
1989	98,472	40,044	30,340	12,587	15,501
Jan-Oct'89	73,906	29,665	23,262	9,345	11,634
Jan-Oct'90	77,517	31,056	23,998	10,316	12,147

* Data include millinery, furs, hosiery, gloves and other accessories.

SOURCE: ILGWU Research Department (Benchmarked to Census of Business)

months July - October 1990, total sales of female clothing in current dollars gained only 3.0 percent over the same 1989 months. Since this was less than half of the 6.5 percent increase in retail prices in this period, real sales were down 3.3 percent. There was a real gain of 1.6 percent in the first half of the year.

For the first ten months of 1990, actual sales were ahead 4.9 percent, but there was a real loss of 0.5 percent. All signs point to a net decline for 1990 once the full year's sales are reported, something that did not even happen in the 1981-82 recession, the most severe downturn since the end of World War II.

The events of 1990 nipped in the bud the recovery that had been taking place in retail women's wear sales following the malaise of the two prior years. Retailers were cautious, but looked forward to the renewed interest in fashion to keep volume moving forward. This was supposed to have been the year of the coat and the dress. Retailer hopes were dashed, however, by a confluence of events -- an unseasonably warm fall that cut into sales of coats and other cold weather wear, the pall cast over consumer confidence as recession set in and by uncertainty over the possibility of Mid-East conflict.

Preliminary retail sales data for November and store comments for December indicate that the downturn in real sales of women's and children's wear continued and may even have worsened as 1990 came to an end. The Christmas selling season, the most important months for clothing sales, did not come up to even the most modest anticipations.

Family Stores Gain

Family clothing stores -- those selling apparel and accessories for the entire family -- turned in the best performance by far in 1990. Their sales were up 10.4 percent in the first ten months of 1990. The family store category includes many off-price or discount stores which have been drawing heavier traffic in these lean times.

The poorest performance -- a gain of only 3.2 percent -- was chalked up by women's wear specialty shops. Department store sales of female clothing were up 4.7 percent, while sales of other outlets which includes mail-order houses as well as children's wear stores were ahead 4.4 percent. If price increases were taken into account, only family clothing stores would show a real gain in 1990.

DOMESTIC PRODUCTION

In our two 1990 reports, most recently in September 1990, we drew attention to delays in the release of data from the Census Bureau's new quarterly apparel production report. Even though several months have passed, the problems continue.

The new Census Bureau report format resulted from a number of factors. Budget stringencies forced Census to eliminate either its Annual Apparel Survey or the quarterly production report. It chose to continue a revised edition of the quarterly report, with a cutback in product detail to make it easier for manufacturers to respond, as well with cost in mind. To date, however, no 1990 data have been forthcoming, even though we are into 1991.

Without these data there is no direct way to determine garment production levels urgently needed for marketing purposes as well as for evaluation of government trade policy. One must look therefore to other data for clues on U. S. apparel production.

The Industrial Production Index compiled by the Federal Reserve Board includes a series on overall apparel output, but without detail. These data show a serious drop in 1990, with the declines worsening as the year progressed. In comparison with the same month a year back, the FRB index lagged by 1.2 percent in January, 2.0 percent in February and 4.0 percent in March. In October, the index was showing a decline of 6.8 percent and this past November it was off by 7.6 percent.

That a severe downturn is taking place is also shown in unpublished Census Bureau data on the dollar value of the apparel industry's shipments.

A third indicator of industrial activity is a series compiled by the ILGWU Research Department on the physical volume of domestic production of women's and children's apparel. Last year, the index averaged 76.8 percent of its 1983 level, down from a 1989 level of 82.4.

IMPORTS

Even in the face of a softening consumer market and cautious retailer ordering, apparel imports were relatively high in 1990. In the first ten months of the year, total apparel imports, measured in terms of square meters of material used in their manufacture, gained 0.6 percent over the same 1989 months. Measured in dollars, however, apparel imports gained 6.1 percent in the same time span. The higher unit values reflect continued upgrading of apparel production in foreign countries, price adjustments to meet higher costs and a weaker dollar.

Non-apparel textile imports were ahead 1.4 percent in square meters and 5.9 percent in value in the same 1990 months.

Apparel imports, expressed in volume, were stronger than the numbers suggest. Shipments of acrylic sweaters from Taiwan and Korea plunged in the wake of successful anti-dumping cases filed by the domestic industry. Total sweater imports declined over 200 million square meters, or 4 percent of total apparel imports of 5.1 billion square meters in the ten month period. Excluding sweaters, apparel imports gained roughly 4.5 percent.

Women's Wear Imports Gain

Women's and girls' apparel imports rose 0.5 percent in the first 10 months of 1990 when measured in square meters. Men's and boys' wear imports were off 0.1 percent. Gains earlier in the year held men's wear imports to a marginal loss. In the latter months of 1990, male garment imports weakened. This past October, men's wear imports were behind October 1989 by 9.5 percent, while female garment imports were ahead 3.4 percent. Imports of garments not classified by sex -- primarily accessories -- were ahead 4.2 percent in the ten month period and 8.3 percent in October alone.

Fiber Developments Vary

Women's wear imports made of cotton rose 9.0 percent in the first ten months of 1990, while those made of wool were up 1.0 percent. Female garments made of man-made fibers were down 1.0 percent, while those of ramie and silk were off 21.7 percent.

The sharp drop in sweater imports, noted earlier, resulted in a decline in knitted garment imports, with the exception of cotton. The continued demand for cotton sweaters and other cotton knits led to an increase in knit cotton women's apparel of 25 percent. Woven women's wear imports were ahead on the strength of a 11.3 percent gain in man-made wovens and an 8.0 percent rise in imports of female garments made of wool.

Imports of Selected Women's and Children's Garments

(in thousands of units)

Product	Fiber	Year 1985	Year 1986	Year 1987	Year 1988	Year 1989	Jan-Oct 1989	Jan-Oct 1990
Coats, jackets, raincoats	Cotton	24,827	28,635	32,018	25,283	23,058	18,896	20,169
	Wool	N.C.	N.C.	5,850	5,292	5,051	4,646	5,164
	Synthetic	N.C.	N.C.	52,020	55,732	48,249	38,263	54,890
	Other	N.A.	N.A.	2,772	2,706	2,809	2,416	1,977
	Total	**N.C.**	**N.C.**	**93,460**	**89,013**	**79,166**	**64,222**	**82,200**
Suits	Wool	N.C.	N.C.	580	452	693	653	629
	Synthetic	N.C.	N.C.	2,757	2,923	3,818	3,306	2,440
	Other	N.A.	N.A.	511	930	706	446	1,313
	Total	**N.C.**	**N.C.**	**3,848**	**4,305**	**5,216**	**4,404**	**4,382**
Dresses	Cotton	17,725	20,889	25,324	28,007	29,712	25,080	28,096
	Wool	1,730	2,326	1,607	1,396	1,703	1,579	1,515
	Synthetic	30,468	37,133	37,370	37,905	40,976	34,775	35,011
	Other	N.A.	N.A.	2,085	1,960	4,276	3,682	2,084
	Total	**49,923**	**60,348**	**66,386**	**69,268**	**76,667**	**65,116**	**66,706**
Blouses	Cotton	136,510	160,071	164,222	134,801	138,667	119,533	110,632
	Wool	3,140	3,075	2,593	2,315	1,315	1,237	1,082
	Synthetic	112,478	137,464	108,246	111,390	121,590	105,275	112,539
	Other	N.A.	N.A.	10,709	11,388	10,955	8,712	6,,496
	Total	**252,128**	**300,611**	**285,770**	**259,895**	**272,527**	**234,757**	**230,749**
Knit shirts	Cotton	113,419	162,825	200,883	214,884	242,538	202,180	232,724
	Wool*	8,845	10,087	8,838	9,141	7,331	6,786	6,035
	Synthetic	206,777	244,681	240,392	195,354	283,722	242,169	246,314
	Other	N.A.	N.A.	1,421	3,107	2,233	1,835	782
	Total	**329,041**	**417,593**	**451,534**	**422,485**	**535,825**	**452,970**	**485,855**
Sweaters*	Cotton	20,715	24,324	25,538	24,392	26,710	21,309	20,081
	Wool	44,472	41,653	38,219	34,820	29,809	27,621	24,368
	Synthetic	146,001	149,623	145,475	127,110	138,346	131,403	75,183
	Silk	19,949	9,289	15,067	10,127	6,128	5,756	4,207
	Other	95,000	127,289	107,362	67,107	107,158	93,691	76,042
	Total	**326,137**	**352,171**	**331,661**	**263,556**	**308,151**	**279,782**	**199,882**
Skirts	Cotton	27,236	38,450	63,053	50,841	40,455	33,919	36,957
	Wool	N.C.	N.C.	6,713	5,157	4,721	4,483	4,599
	Synthetic	N.C.	N.C.	40,084	35,695	36,300	30,865	30,759
	Other	432	4,751	7,341	5,124	4,985	4,356	3,757
	Total	**N.C.**	**N.C.**	**117,195**	**96,816**	**86,462**	**73,624**	**76,072**
Slacks & Shorts	Cotton	156,871	182,205	189,093	204,627	248,565	209,142	206,617
	Wool	N.C.	N.C.	3,586	4,066	3,909	3,697	3,663
	Synthetic	N.C.	N.C.	134,810	132,350	158,434	133,916	147,881
	Other	N.A.	N.A.	24,963	22,335	36,711	29,982	26,734
	Total	**N.C.**	**N.C.**	**352,452**	**363,379**	**447,618**	**376,737**	**384,894**
Playsuits*	**Total**	**52,446**	**69,334**	**58,706**	**52,276**	**46,016**	**35,497**	**47,661**
Dressing gowns & robes*	Cotton	8,116	9,389	9,383	9,805	12,638	10,371	10,557
	Synthetic	3,694	5,630	6,725	8,544	12,238	10,816	8,423
	Total**	**11,810**	**15,018**	**16,245**	**18,432**	**24,909**	**21,213**	**18,995**
Nightwear & Pajamas*	Cotton	31,598	34,815	33,885	36,502	46,534	39,072	45,760
	Synthetic	21,047	27,820	30,432	32,740	40,936	34,552	36,030
	Total**	**52,645**	**62,635**	**64,427**	**69,312**	**87,498**	**73,651**	**81,803**
Underwear*	Cotton	125,606	137,350	164,462	209,589	276,603	228,182	262,227
	Synthetic	106,917	134,828	139,886	157,636	174,082	141,660	160,444
	Total**	**232,523**	**272,178**	**305,120**	**367,852**	**450,811**	**369,934**	**422,726**
Brassieres & girdles	**Total**	**185,418**	**179,558**	**196,194**	**218,286**	**220,001**	**184,278**	**176,729**

* Includes male garments ** Includes other fibers N.A. Not available
N.C. Not comparable with data beginning 1987 because of classification changes stemming from the Harmonized System
Source: U.S. Bureau of the Census (General Imports)

Country Shipments Mixed

China was the leading shipper of apparel to the United States in the first ten months of 1990, accounting for 14.3 percent of total U. S. apparel imports, measured in square meters. China maintained its position at the head of the list with the aid of a 4.2 percent increase in apparel exports to the U.S. over the first ten months of 1989. Since the official government data do not reflect recently uncovered illegal transshipments of Chinese apparel through various third countries, China's growth and share of market are clearly understated.

Hong Kong was a close second. A 4.8 percent gain in apparel shipments to the U. S. gave Hong Kong a 13.0 percent share of U. S. apparel imports.

Taiwan and Korea -- the remaining two large Far Eastern shippers -- both witnessed large cutbacks in their apparel shipments to the United States, declining 14.3 percent and 20.3 percent respectively. More than half of each country's cutback was the result of the previously mentioned declines in orders for man-made fiber sweaters. Both countries are also involved in transfers of work to lower wage Far Eastern areas.

Apparel imports from the ASEAN group were ahead 10.5 percent. These nations continue to benefit from low wage structures, available quota and Korean and Taiwanese investment. Other Far Eastern gainers were Nepal, Bangladesh, Sri Lanka, Burma and the Maldives. Shipments from Japan and India declined.

CBI Role Grows

Apparel shipments from the Caribbean Basin Initiative countries grew 8.9 percent, with assembly work under both the Item 807 and 807A programs helping to boost shipments from the area. Mexico, in contrast, lost ground by 1.1 percent, even though it enjoys similar benefits on apparel as the CBI group.

Apparel imports from Europe generally lagged behind last year, although there were exceptions. Imports from Greece were up 37.8 percent and those from the United Kingdom were ahead 10.5 percent. Europe, however, is a minor player in the U.S. apparel market, accounting for less than 5 percent of our imports.

Products Diverse

Data on imports of individual items of women's and children's wear show the continued underlying strength of apparel imports in 1990. Of the 13 products for which data are available and reported in the accompanying table, 8 showed gains over 1989 and only 5 products were down.

Playgarment imports were ahead 34 percent in the first 10 months of 1990. Coat imports were up 28 percent. Underwear imports rose 14 percent and those of nightwear increased 11 percent. Knit shirt imports gained 7 percent, while skirts, dresses and pants were all ahead of last year by smaller margins.

Imports of suits and blouses were down less than 1 percent each, brassieres and other foundation garments were off 4 percent and robes were 10 percent behind. As indicated earlier, the largest drop -- 29 percent -- took place in sweater shipments.

With apparel imports holding firm in these recessionary times, the reduced demand for apparel has been increasingly felt by domestic producers and their workers. Retail inventories are generally lean at present as a result of the tight cash positions of some outlets as well as the cautious climate. When the economy revives, a surge in apparel imports can be anticipated. With substantial unused quota available, covering a wide range of products and countries, a rapid run-up in imports is possible.

With the GATT negotiations suspended, as discussed elsewhere in this report, and rising unemployment in apparel, textiles and other industries, Congress can be expected to take a fresh look at the effects of government trade policy on the industry and the jobs it provides.

EMPLOYMENT, HOURS, PAYROLLS

The widening economic downturn and softened retail sales took its toll on employment in women's and children's wear in 1990. The total number of production workers reached a new low in November 1990 and for the first eleven months of the year the number of workers was 5.5 percent behind the same months of 1989.

Preliminary data on the entire apparel industry for December suggest that the employment downturn continued unabated in the final month of 1990.

Only twice in the prior decade -- 1982 and 1985 -- did employment decline this sharply in a single year. The

Employment, Manhours and Payrolls, Women's and Children's Garment Industry

Average Employment of Production Workers

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1980	57,100	127,900	54,100	59,400	55,100	120,400	13,900	62,100	26,700
1981	53,200	121,300	55,000	60,000	54,700	123,400	14,200	62,500	26,300
1982	47,900	110,900	52,200	55,400	52,000	117,700	12,100	58,600	24,200
1983	47,100	105,600	51,300	54,100	51,000	124,200	12,200	58,100	24,700
1984	42,400	96,600	50,000	57,000	53,900	134,400	12,300	58,300	23,300
1985	36,600	78,800	44,100	55,700	50,800	142,400	11,200	53,400	20,700
1986	34,500	72,100	40,700	60,900	51,500	148,200	10,800	53,100	20,500
1987	32,300	68,400	38,800	64,100	50,200	154,500	9,600	50,400	22,000
1988	30,400	64,600	36,900	61,900	50,000	156,400	9,600	48,700	23,400
1989	31,600	63,000	35,700	59,100	49,300	156,200	9,400	45,700	24,900
Jan-Nov'89	31,800	63,300	35,900	59,200	49,200	156,300	9,400	45,800	25,000
Jan-Nov'90	32,100	59,200	32,500	55,100	47,900	148,800	8,400	42,400	23,400

Manhours of Production Workers (in millions)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1980	97.1	202.6	92.7	114.2	97.9	209.2	24.1	113.4	49.4
1981	90.2	197.6	93.8	112.5	99.0	216.6	25.4	114.1	47.5
1982	78.1	179.9	89.7	101.7	92.1	199.9	20.4	102.8	41.9
1983	80.1	173.1	88.9	100.6	91.4	222.4	21.8	106.4	46.3
1984	72.7	160.1	86.8	106.5	98.7	241.1	22.7	107.6	43.6
1985	62.7	133.2	76.8	105.1	93.0	255.0	20.2	96.3	38.0
1986	60.1	123.0	71.9	116.9	95.7	263.1	19.0	99.3	40.4
1987	57.0	120.7	69.5	126.0	93.8	277.4	17.1	95.8	44.0
1988	54.9	114.6	66.4	122.2	93.0	281.0	17.2	92.9	45.6
1989	56.7	109.6	63.6	116.5	91.3	279.0	16.5	86.8	49.5
Jan-Nov'89	52.5	101.6	58.9	107.7	83.9	256.8	15.3	80.4	45.8
Jan-Nov'90	52.3	92.0	53.2	97.2	80.8	243.5	13.6	74.2	41.1

Payrolls of Production Workers (in millions of dollars)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	$347.1	$906.5	$209.6	$389.0	$314.3	$481.7	$120.1	$321.9	$144.5
1980	489.2	953.7	399.0	535.6	417.9	930.0	105.9	464.1	225.4
1981	490.9	1,002.7	436.9	567.4	450.6	1,032.7	121.3	508.5	234.5
1982	444.0	946.5	427.8	534.1	436.2	991.7	103.9	476.3	216.6
1983	476.7	953.7	436.1	555.4	438.5	1,129.6	115.1	511.4	246.6
1984	448.8	912.1	439.2	615.9	488.8	1,261.0	126.4	535.4	241.8
1985	404.0	772.4	394.3	636.8	471.2	1,361.5	118.6	508.6	217.0
1986	388.1	720.0	366.0	742.7	494.1	1,428.8	117.3	518.6	238.2
1987	370.3	729.3	350.9	820.1	495.1	1,537.6	110.7	511.2	270.1
1988	358.6	712.5	340.4	782.2	511.8	1,625.9	112.5	513.7	294.8
1989	367.9	712.4	337.7	776.4	519.5	1,680.7	111.3	502.0	342.1
Jan-Nov'89	339.8	659.7	312.3	713.6	476.9	1,545.4	102.6	465.1	315.7
Jan-Nov'90	364.6	612.8	295.2	706.4	479.6	1,491.8	95.1	448.5	302.6

* Men's and women's garments

Source: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

cumulative impact of year after year of declining employment brought the 1990 level to 78 percent of 1980 employment and to 68 percent of the 1973 peak.

Declines Widespread

Employment cuts were widely pervasive and affected all branches of the industry but one. The largest decline -- 10.1 percent -- occurred in the corset and brassiere industry. Production in this industry continues to move offshore, leaving only a limited number of production jobs in the U. S. The number of production workers fell 9.5 percent in blouses and 7.6 percent in underwear and nightwear.

Knit outerwear employment dropped 6.9 percent, suggesting that the cutback in sweater imports did little to help domestic manufacturers. The number of jobs was off 6.4 percent in dresses and 6.2 percent in knit underwear. Other outerwear, which includes pants and other sportswear items as well as washable service apparel, suffered a 4.8 percent decline while children's outerwear was down by 2.7 percent.

The only branch not to undergo job loss last year was the coat, suit and skirt industry. A flurry of work in the latter half of the year offset earlier losses and led to a 0.9 percent gain in the first eleven months of 1990 compared to a year back. This segment of our industry has been hard hit in recent years and is barely one-half of its size only five years ago.

Fewer Hours Worked

Reductions in the amount of work available for the industry's factories led to cuts in weekly work schedules and in total number of hours worked. In the first eleven months of 1990, the average work week in women's and children's wear was down 0.7 hours and total hours worked were 6.8 percent behind the same 1989 months.

The reduction in average weekly hours worked was evident in each of the nine branches of the industry with knit underwear and knit outerwear being hit hardest. Total hours worked fell in every branch, ranging from a small decline of 0.3 percent in coats, suits and skirts to 10.7 percent in corsets and brassieres.

Industry payrolls declined 2.7 percent last year as slackened activity more than offset any wage gains. The same pattern was largely the case in the individual branches of the industry. Payrolls were ahead 7.3 percent in coats, suits and skirts and up 0.6 percent in children's outerwear. Elsewhere, payrolls were behind 1989 levels by amounts ranging from 1.0 percent in knit outerwear to over 7 percent in dresses and in corsets and brassieres.

Unemployment in the apparel industry as a whole rose significantly in 1990 to reach 9.3 percent of the industry's labor force. In 1988 the unemployment rate was 8.2 percent while in 1989 its was 8. 4 percent. The 1990 rate is more than one and a half times that of the general unemployment rate in the nation.

AVERAGE HOURLY EARNINGS

During the past year, average hourly earnings, as reported by the U.S. Bureau of Labor Statistics (BLS), grew in each of the nine industry segments in the women's and children's apparel industry -- albeit at widely divergent increments.

The BLS data covers garment workers in both union and nonunion shops. Changes in the data over a period of time can reflect a number of factors, including, shifts in product composition within individual industries, plant location, and occupation.

The largest increases in average hourly earnings between November 1989 and November 1990 were registered in coats, suits and skirts and knitted outerwear, with the former experiencing a gain of 48 cents per hour and the latter 41 cents.

In contrast, the smallest gains were in knitted underwear and other outerwear (encompassing pants and other sportswear items as well as washable service apparel), which rose only 11 cents and 13 cents respectively.

Average hourly earnings shot up 38 cents for dresses and advanced 32 cents for corsets and brassieres. Underwear and nightwear registered weaker gains, growing 22 cents. Children's outerwear experienced an increase of 21 cents, as did shops manufacturing blouses.

The data are affected by wage adjustments under ILGWU agreements. This would include the mid-1990 adjustments under the intimate apparel agreements as well as the final increase under the major women's and children's outerwear contracts expiring this year.

These earnings data reflect the increase in the national minimum wage from $3.35 to $3.80 that took place on April 1, 1990. The second-stage increase to $4.25 will take place on April 1, 1991.

Average Hourly Earnings, Women's Garment and Other Selected Industries

Industry	Nov. 1984	Nov. 1985	Nov. 1986	Nov. 1987	Nov. 1988	Nov. 1989	Nov. 1990
WOMEN'S GARMENTS							
Coats, suits, and skirts	$6.33	$6.53	$6.49	$6.53	$6.66	$6.67	$7.15
Dresses	5.76	5.83	5.89	6.08	6.38	6.50	6.88
Blouses	5.13	5.16	5.03	5.10	5.14	5.40	5.61
Knitted outerwear*	5.89	6.05	6.51	6.60	6.34	7.01	7.42
Children's outerwear	4.96	5.09	5.20	5.37	5.61	5.81	6.02
Other outerwear	5.27	5.37	5.41	5.58	5.87	6.07	6.20
Corsets and brassieres	5.56	6.02	6.23	6.67	6.58	6.71	7.03
Underwear and nightwear	5.10	5.08	5.24	5.38	5.64	5.85	6.07
Knitted underwear*	5.52	5.76	5.99	6.24	6.59	7.21	7.32
MEN'S CLOTHING							
Suits and coats	6.58	6.60	6.61	6.80	7.02	7.29	7.37
Shirts and nightwear	4.89	5.10	5.20	5.31	5.51	5.77	6.08
Trousers and slacks	N.A.	N.A.	N.A.	N.A.	5.60	5.74	6.01
Work clothing	N.A.	N.A.	N.A.	N.A.	5.44	5.63	5.92
ALL MANUFACTURING	9.32	9.64	9.79	10.01	10.33	10.59	10.98
Nondurable goods	8.54	8.79	9.03	9.27	9.56	9.87	10.31
Printing and publishing	9.58	9.83	10.12	10.39	10.69	11.07	11.38
Rubber and plastic products	8.40	8.63	8.78	9.06	9.32	9.54	9.93
Cotton fabrics	6.77	7.11	7.43	7.71	7.69	8.12	8.44
Wool fabrics	6.94	7.27	7.52	7.86	8.18	8.62	8.72
Durable goods	9.85	10.22	10.33	10.54	10.87	11.11	11.48
Automobiles	13.00	13.46	13.45	13.75	14.16	14.43	14.63
Primary metal industries	11.49	11.75	11.79	12.04	12.26	12.57	13.13
COAL MINING	15.11	15.25	15.81	16.19	16.22	16.52	16.83
BUILDING CONTRACTORS	10.96	11.24	11.62	11.91	12.40	12.87	13.02
RETAIL TRADE	5.90	5.98	6.08	6.18	6.43	6.63	6.87
SERVICES	7.73	8.06	8.34	8.72	9.09	9.61	10.05

* Men's and women's garments N.A. Not available
SOURCE: U.S. Bureau of Labor Statistics

COMMENTARY

Suspension of negotiations in Brussels at the GATT (General Agreement on Tariffs and Trade) meeting in December does not necessarily mean that the more than four year effort to liberalize world trade is over. It is still possible that some face-saving agreement will be reached on agriculture, the stumbling block in the Brussels talks, which would effectively change nothing but permit the remainder of the round to go forward, including the plan to phase out all controls on apparel and textile trade.

The collapse of the ministerial-level negotiations shortly before midnight on December 6, 1990, points up an important change in the relationship between the United States and the European Community countries. It reflects a growing inability of the U. S. to enforce its positions in international forums.

Before dealing with the changing relationship between these two major western powers, it should be emphasized that there was unanimity in the GATT Textiles Committee to end within roughly ten years the thirty-year controls on apparel and textile trade. Increased export growth to developed nation markets would occur in each year of a relatively short transition period. This could be accomplished in a revived Uruguay Round or, if the Round is not renewed, by using the mechanism of the MFA (Multifiber Arrangement), which expires July 31, 1991.

Of the fifteen discrete GATT committees negotiating different aspects of trade, the Textile Committee was closest to reaching complete agreement and would have done so had the talks not collapsed over agriculture. The only questions still to be decided by this committee were the length of the transition period -- whether all controls would be phased out in

eight, ten or twelve years -- and the rate of export growth to the developed nations during the transition.

Phase Out

The transition would be based on creating controlled and uncontrolled apparel and textile categories, the latter being those with relatively low import-to-production ratios. Growth rates in the controlled categories would increase by specific percentages in each of three phases.

A feel for what would occur by the end of a ten-year transition starting in 1991 is contained in three alternative studies worked up by the textile office of the Department of Commerce. The studies used 1990 as the base year and what some GATT participants considered to be too modest growth rates. Estimated growth in uncontrolled categories also varied. The results, expressed in square meter equivalents of fabric used, provided much the same conclusions as analyses by the apparel/textile coalition.

The "best" of the three studies showed an almost doubling of imports by the year 2001 in controlled and uncontrolled apparel and textile imports combined. The other two showed a more than doubling of combined imports of apparel and textiles after ten years. Under these scenarios and given the higher level and cumulative effect of apparel imports, penetration in apparel alone would be upwards of 80 percent well before the year 2001.

Can it be Stopped?

The fact that the U. S. government is and for some time has been prepared to sacrifice the apparel and textile industry and the employment it provides for almost two million people does not guarantee that a GATT or similar plan will succeed.

Pending before the Senate is a change in rules to end the fast track -- the procedure by which the President must submit a GATT agreement to both houses of the Congress by March 1, 1991 and the Congress may only vote yea or nay, with no ability to make changes. In the few days between introduction of the resolution and adjournment of the Senate, the proposal garnered thirty-seven sponsors.

Since the issues are so important and because U. S. negotiators were unable to get a GATT agreement, Congress may not be willing to ratify an agreement without the right, after a full dress debate, to amend or reject some or all of what is agreed upon in the GATT. There has also been a growing concern among GATT members about working out an accord that might be overturned by the Congress.

Given the failure of government strategy in the GATT talks, the worsening of the domestic economy and possible new apparel/textile legislation, the Congress may also decide to look more closely at how the President and his representatives have been making trade policy. The Congress may conclude that it should reassume some or all of its constitutional power to make trade policy, given to the Executive Branch in the Reciprocal Trade Act of 1934.

MFA Alternatives

If the GATT negotiations lapse because of failure to reach agreement on agriculture, the U. S. government is not likely to abandon its efforts to do away with the right to control apparel and textile imports. It could then use the MFA as a mechanism to self-destruct. Especially in the last ten years, it has been clear that the government has "more important" considerations than maintaining jobs in the American apparel and textile industry.

Thus, if the GATT talks are not resumed, there are three alternative ways to use the MFA to trade away our apparel and textile industries: adopt the GATT textile committee's plan to end the MFA within a given time frame and at specified growth rates; roll it over until a "better" solution comes along and without a commitment to use permitted controls; or simply let the MFA die when it expires July 31, 1991.

There is little chance that the last alternative would be used because of the chaos it could create. Which of the other two may be adopted is up for grabs. We are inclined to believe that the almost completed GATT mechanism would be the way the U. S. government would want to go. It would embrace both ideological and perceived national security considerations, used in recent years to bargain away the industry.

Failure in Agriculture

The dispute over agriculture between the EC and the U. S. and whether they can make a deal to resolve their differences is the key to whether the GATT negotiations will be revived. Such an understanding would enhance the opportunity for the U. S. government to secure gains in other areas it considers

important, including ending controls on apparel and textiles. Additionally, it could be used to try to break the apparel/textile/farm alliance. A number of farm senators, reacting to the threat to family farmers in government policy, have been in the forefront of efforts to end the fast track.

To put the dispute in perspective: agriculture represents 11 to 13 percent of world trade, manufacturing 77 percent. Farm products make up 5 percent of the EC's exports and internal sales account for most of its trade. The U. S. government argues that for some countries access to farm markets in developed countries is the only relevant issue.

In international negotiations, nations normally seek support in areas they consider of importance in exchange for their support in areas of importance to others. Aside from ideological considerations, the major concerns of our government in the Uruguay Round have been protection of property rights and market openings by other nations, including service investments in third world countries. Beneficiaries would include U. S. banks and insurance companies. Giveaways for support in these areas would be apparel and textiles and agriculture.

A Facade?

Some supporters of the government's free trade position, including The New York Times, point out that the EC cannot really retreat on agriculture. To continue an adamant insistence that the EC agree to a solution on agriculture acceptable to the U. S. weakens the government's ability to reach agreements in other areas it considers important.

While assessing most of the blame for the collapse of the talks on the EC, The Times observed in a December 17, 1990 editorial that "the U. S. and other food exporting countries could back off from demands that would require the Europeans to cut food supports by 75 percent or more. The E. C. policy is deeply ingrained, politically and economically. It needs to be phased down over time, not dismantled all at once."

The Times then proposed that the EC "isolate the rest of the world from its internal food policy in another way", by giving its farmers "direct income payments rather than ... production subsidies", a poorly disguised continuation of subsidies under another name. This, says The Times, would create an acceptable solution and allow the Administration to push "through Congress a trade agreement that would undo an elaborate system of U. S. quotas on peanuts, sugar and textiles."

U. S. Now Weaker

Another analysis of the reasons for the breakdown of the GATT talks is that of a Wall Street Journal columnist, who observed on December 17, 1990: "[I]n the post-postwar world, global conferences don't work the way they used to. The U. S. has lost the economic dominance that once gave it the clout to mold international trade talks. And the end of the cold war has eliminated the security glue that helped to bind the non-Communist world together."

A farm community comment comes from Cooper Evans, former agricultural advisor to President Bush and onetime Iowa congressman. He told the Des Moines Register on December 14, 1990 that, while most observers tend to blame the European Community for failing to agree on agriculture, "it's as much our fault as theirs." Evans asserted that U. S. objectives were attractive in theory, but in the real world they were "quite simplistic, unrealistic, confrontational."

Evans went on to say that the Administration "failed to recognize that most societies attach far more importance to supporting their farmers and preserving their rural societies than we do in the United States.... These countries totally reject the concept that is quite common here -- that agriculture is no different from any other sector of the nation's economy and deserves little special consideration through farm programs."

Other Comments

The editor of the "Outlook" section of The Washington Post, a vigorous supporter of Administration trade policy, pointed out on December 16, 1990: "[W]hen push comes to shove, the major players don't take the trade talks very seriously.... American presidents, long accustomed to taking our economic power for granted, find more prestige in wheeling and dealing over weapons and borders. European and Asian leaders find far more advantage in quietly pursuing their own economic interests with an eye out for any trade concessions they might pick up on the cheap from over-eager Americans."

The writer goes on to say: "Nor do we gain respect for our positions when they are advanced by senior trade

officials, half of whom, as a new study from the Center for Public Integrity documents, have left office to lobby on behalf of foreign interests -- and brag about it."

Other Trade Questions

In assessing the GATT, Congress may also be expected to take a close look at the Dispute Settlement Mechanism proposed in some GATT committees. If ratified, such a proposal could transfer some or all of our nation's trade sovereignty to the GATT Council, made up of all GATT members. This would be in line with the ideology of some free traders because it would diminish U. S. government control of trade.

Along with the EC bloc and its built-in Less Developed Countries in Eastern Europe and Japan's economic bloc in Southeast Asia, there is growing evidence that, despite protestations to the contrary, a division of the world into conflicting trade blocs may be developing.

Furthermore, while attention is being directed at bringing the GATT multilateral negotiations to a successful conclusion, the Administration is negotiating bilateral and regional free trade agreements in the Western Hemisphere. It plans to seek fast track approval for such pacts in the Congress, starting with one with Mexico.

European Views

It has become patently clear that Europeans see agreement among themselves as more important than agreement with the U. S. In the post-Cold War era, Germany, the most economically powerful member of the European Community, not only has to listen to the concerns of its own substantial farm population, but it must also reassure France, its most important EC ally, on two important scores.

One is that Germany will not seek to dominate the EC or again become a military threat in Europe and the other is that it will be sensitive to the needs of its EC allies. The new, united Germany, no longer dependent on the U. S. for its security, would be hard put to do other than to support the views of its EC allies. In the case of France, the political and economic strength of its farmers make farm policy a crucial economic and political issue.

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CONDITIONS
IN THE WOMEN'S GARMENT INDUSTRY

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ECONOMIC BACKGROUND

The downward slide in the economy, measured by the Gross National Product corrected for price rises, continued into the first quarter of 1991, making it the third successive recession quarter. GNP decline for the quarter was 0.6 percent after a 0.4 percent drop in the last 1990 quarter. On an annual basis, the decline in real GNP was 2.4 percent for the first quarter of 1991 and 1.6 percent for the fourth quarter of 1990.

Preliminary, and still spotty, data for the first two months of the second 1991 quarter show that the rate of decline may have begun to ease in some areas, but that it may still turn into the fourth successive negative quarter.

Given the limited availability of second quarter data, it would be sheer guesswork to assert at this writing that the downturn, which officially started in July 1990, has begun to reverse.

Limits on Recovery

When the economy begins to pick up again -- many economists are now predicting the third calendar quarter -- there is sufficient reason to question how strong the recovery will be and how long it will last.

Before going into the detail of GNP data for the first 1991 quarter and available data on the second quarter, a few observations are in order.

Economic analysts who anticipate an upswing in the second half of 1991, even if only a slight one, do not expect unemployment to decrease. Some, in fact, suggest that current jobless levels will continue or even increase in the early stages of a "recovery."

This, of course, goes to the heart of how recovery or growth are viewed. It all depends upon where one sits. Generally, business, government and the press see the economy in business, not in human, terms.

Unemployment Up

For example, the reported unemployment rate rose to 6.9 percent in May, the highest in the last four and a half years. Reporting on this, The New York Times said that "economists and the securities markets were largely unimpressed ... [with the rise because the unemployment rate] has tended to keep rising for some time after a recovery has taken hold." (June 8, 1991) To The Times, high or rising unemployment is seen to be relatively unimportant in appraising the status of the economy.

In the apparel industry, we have experienced again and again the circumstance in which government and the media applaud a company that ceases domestic production in favor of importing and "does well", despite the loss of jobs which it creates. They pay no attention to the fact that it matters little to a worker whether the employer goes out of business completely or converts from manufacturing to importing.

Banking Problems Remain

Rapid recovery, such as that which occurred after the 1981-1982 recession, will, in the best of circumstances, be virtually impossible to duplicate when the current recession bottoms out. Many of the factors responsible for the downturn and its depth -- not the least of which are in the nation's financial sector -- are far from having been resolved and may result in continued tight lending policies by the banks.

There will be additional costs, many of them still unforeseen, in preventing the collapse of more shaky saving and loan institutions. This will drain off capital that the private sector could have used for growth purposes and lead to higher interest costs. Another major drain is the continuing cost of financing already bailed-out banks.

Imports now represent a greater share of domestic demand than after prior recessions, including the most recent 1981-1982 recession, and will absorb a larger share of consumer spending when the economy moves up. This could limit a rise in domestic output, including replenishment of inventories.

Inventories Low

Improved inventory controls via use of the computer and caution on the part of businessmen have kept inventories at relatively low levels. The last 1990 and

the first 1991 quarters show substantial declines in inventories, suggesting the need in the not-too-distant future to replenish some inventories, perhaps even before the economy turns.

This raises the question, still too early to attempt to answer, of whether production will only be brought up to levels necessary for limited business activity or whether there will be reason for sustained growth.

Will 1973-1975 Repeat?

Recessions do not repeat themselves in detail. However, since most economists see a weak pickup from the current downturn, reminiscent in some ways of projections in 1974, it is worth recalling what occurred in the 1973-1975 downturn.

The generally accepted view in 1974 was that the recession, the most severe in the postwar era, would be over in mid-1974 and a slow, but steady, recovery was projected. The economy then plunged into an almost free fall. The nation was treated to a two-phase downturn, not for the first time, but the most severe one on record. The second phase began in mid-1974 and was more intense than the first one.

We are not necessarily suggesting a repeat of 1974. Yet, current doubts by just about all forecasters about the extent of a recovery from the current recession this year bring to mind the 1974 conclusion of most economists concerning the 1973-1975 recession.

High Debt Levels

We have noted in earlier reports that, although the current recession has many of the attributes of traditional downturns, there are good grounds to argue that it differs from prior recessions in some basic areas. Among them are the massive debt burdens created by excesses in the private and public economies and the over-leveraged situation of financial and other business institutions.

These factors have introduced greater uncertainty than in earlier economic downturns. This, in turn, has made it more difficult to assess when and how significant a reversal can occur and how rapidly the economy can be expected to recover to a more normal pattern of growth.

GNP Declines

To return to the detailed data for the economy. The drop in real GNP, as noted, was deeper in the first 1991 quarter than in the last 1990 quarter. The continuing fall in personal consumption expenditures, which represents almost two-thirds of GNP, eased, however, as the rate of decline in nondurable purchases lessened and service outlays rose slightly.

While some positive signs have emerged in housing and manufacturing orders in the second 1991 quarter, other key elements of consumer spending remain negative. There is much talk of increased hiring plans for the third quarter, but before additions to both payrolls and inventories take place consumer spending will have to improve considerably.

The Conference Board's consumer confidence index dropped in May to 74.2 percent from April's 79.4 percent after rising in the wake of the post-Middle East war optimism. The sharp drop in profits in this year's first quarter, reported by the Department of Commerce, will put additional pressure on businesses to cut costs, primarily in jobs and capital outlays, and in general to move with caution.

In most economic downturns, weak demand, especially on the part of the consumer, can seriously delay any recovery. Other problems are important, but they relate much more to the strength of the recovery than to the depth and duration of a recession.

Durable Goods Orders Down

Despite a 2.9 percent increase in durable goods manufacturing orders in April, the first increase in four months, bookings for capital goods in the private sector, excluding military outlays, plunged 10.3 percent. Orders for machine tools slipped 5.3 percent in April from their March levels, hitting a 24-month low, and were one-third below last year's pace.

Severe liquidation of inventories continued in the first 1991 quarter with no effort to rebuild them, largely because consumer spending and demand generally showed no sign of strengthening. Exports of goods and services declined slightly in the first 1991 quarter, but increased in most of the last six quarters, while imports declined in the last two quarters, although they continued at relatively high levels.

Government Outlays Down

Federal government purchases of goods and services, largely military, were up slightly in the first 1991 quarter after rising sharply in the last 1990 quarter, due mainly to preparations for the Middle East war. Non-military government outlays continued to fall as

they have since mid-1990. State and local government expenditures began to decline in the first 1991 quarter after rising in the two prior quarters.

Per capita personal disposable income dropped in the first 1991 quarter as it has in each quarter since the first quarter of 1990. Real retail sales in the first quarter were down 1.0 percent over the last quarter in 1990 and 4.2 percent over the same quarter a year earlier. Real durable goods sales hit their lowest level since the fourth quarter of 1987 and were 7.5 percent below those of the first 1990 quarter.

New housing construction, in a depressed state even prior to the onset of the recession, rose 0.1 percent in May after an 8.2 percent gain in April. January had registered the lowest level of construction since the January 1982 recession year. A spokesman for the National Association of Home builders noted, "We are moving along a sub-par recovery pace."

Manufacturing Off Sharply

Manufacturing production in the first quarter of 1991 was at the lowest level since the second quarter of 1988 and was 2.8 percent below the same quarter a year ago. In April, it was 3.5 percent below the same month a year earlier and in May it was down 4.0 percent over May 1991.

The non-agricultural work force continued to decline and at 116,865,000 in the first 1991 quarter was lower than it had been in the previous five quarters.

Production worker employment in manufacturing dropped in the first 1991 quarter and was below the number of workers employed in the first 1987 quarter. Compared with the last 1990 quarter, the decline was 1.9 percent and over the first 1990 quarter it dropped 4.5 percent. In April and May, compared to the same months a year earlier, production worker employment was down 5.3 percent and 5.0 percent respectively.

Unemployment in the first quarter rose to 6.5 percent compared with 5.9 percent in the prior quarter and was the highest it has been in four years. In April, it went up to 6.6 percent and in May to 6.9 percent. Production worker hours worked in manufacturing dropped sharply in the first quarter of 1991.

The Consumer Price Index was up 5.1 percent in the first quarter of 1991 by comparison with the first quarter of 1990. In April and May, the CPI rose, respectively, 4.7 percent and 4.9 percent.

RETAIL SALES

With 1991 nearly half over, recessionary trends continue to plague retailers. Consumers remain unable or unwilling to spend in these uncertain times. The purchasing power of the average family is still falling and consumer debt remains high. Not only is unemployment on the rise, but it is affecting population groups previously largely immune from such developments -- government employees, white collar workers, etc -- who wonder if they are next.

In the first five months of 1991, total retail sales in the nation were ahead only 0.8 percent over the same months of 1990. This gain fell far short of the price increases that took place in the period. In real terms, retail sales were down 3.1 percent through May.

The 1991 decline is steeper than the 2.1 percent drop in real sales in the second half of 1990 in comparison to the second half of 1989. For the entire year 1990, total sales were ahead 3.8 percent. Once again, price hikes more than accounted for the gain. After adjustment for prices, sales were down 0.8 percent.

Consumer Weakness Prevails

From 1983 through 1986, the retail sector had chalked up real gains of 5 to 6 percent a year and was the basic underpinning of the economy. Gradually, the position of the consumer weakened and ever since the stock market plunge in 1987 retailing has been a damper on the economy.

While the current recession contributes to the retail problem, it should not be assumed that it is its basic cause. Retailing cannot show major growth until there is a reversal in the long-term decline in consumer income and the overextended debt position.

Durables Falter

The 1991 setbacks were largely centered in the durable goods sector with automobiles, furniture and major home appliances the key losers. Through May, total durable sales were off 3.7 percent, with real durable sales down 5.4 percent over the same months of last year.

In non-durables, total sales in the first five months of 1991 were ahead 3.5 percent. Much of the gain, however, was simply the effect of higher prices for such products as gasoline, food and drugs. In real terms, sales of nondurables were down 1.6 percent.

Retail Sales of Women's and Children's Wear by Type of Outlet*

(in millions of dollars)

Period	Total Sales	Department Stores	Women's Specialty Stores	Family Clothing Stores	Other Retail Outlets
1980	$48,287	$20,409	$16,273	$5,007	$6,598
1981	53,746	23,188	17,764	5,745	7,049
1982	59,160	24,477	20,884	6,504	7,295
1983	62,837	26,823	20,486	7,370	8,157
1984	69,514	30,189	22,276	7,927	9,122
1985	75,489	32,136	24,504	8,648	10,201
1986	82,223	34,586	26,791	9,438	11,407
1987	87,258	36,603	27,351	10,547	12,757
1988	93,136	38,941	28,802	11,606	13,787
1989	98,712	40,235	30,563	12,657	15,257
1990	102,494	41,779	31,017	13,756	15,943
Jan-Apr'90	29,127	11,991	9,029	3,577	4,531
Jan-Apr'91	29,346	12,340	8,650	3,812	4,544

* Data include millinery, furs, hosiery, gloves and other accessories.

SOURCE: ILGWU Research Department (Benchmarked to Census of Business)

Last year, durable goods sales rose 0.4 percent in actual dollars, but declined 0.7 percent after taking price changes into account. Non-durable goods sales rose 5.8 percent over 1989 levels but were 0.8 percent behind in real terms.

Women's Wear Declines

The consumer spending pinch did not spare retail sales of women's and children's apparel. In the first four months of 1991, sales volume was ahead a mere 0.8 percent in current dollars. After allowance for the 4.1 percent increase in retail prices, real sales of female wear through April were 3.2 percent behind the same period of 1990. While detailed May sales are not yet available, preliminary data indicate a limited turnaround.

For the full year 1990, sales of women's and children's wear were 3.8 percent ahead of 1989 in current dollars, but down 1.5 percent in real dollars.

In addition to the generally chilly economic climate, women's and children's wear sales were also affected by a number of other factors, among them periods of unseasonable weather, continued retail consolidation and inventory control efforts.

Early May Results Hopeful

Preliminary data for May suggest that retail sales of women's and children's wear for that one month may have stopped their decline and may show a marginal increase in real terms. This one small sign does not mean that months of poor performance are at an end. Retailers are still wary of the future, as are their customers, and buying of late fall and holiday lines has been hesitant at best.

Family clothing stores -- those selling apparel and accessories for the entire family -- gained 6.6 percent this year, by far the best showing of any of the outlets selling female garments. Family clothing stores now account for 13.0 percent of total women's and children's wear sales. Numerous discounters or off-price stores fall into this retail classification and their sales have been doing better than average among consumers in the recession.

Production of Selected Women's and Children's Garments
(in millions of units)

	1987	1988	1989	1990
Women's and Girls' Garments				
Coats and jackets, except suit type	24.9	22.6	21.3	15.7
Down and feather filled coats*	1.2	1.0	1.2	1.0
Suits and pantsuits	7.5	8.4	6.7	7.3
Separate suit-type jackets	19.7	22.3	16.9	20.5
Dresses	220.9	189.2	185.4	168.1
Skirts and divided skirts	126.0	115.5	98.7	87.5
Slacks, jeans & sweatpants	322.7	304.4	287.5	258.4
Shorts	59.5	78.6	83.3	56.2
Sweaters	83.3	74.2	65.3	42.6
Woven blouses and shirts	279.1	224.7	215.8	198.5
Knit T-shirts and tanktops	92.0	76.0	90.1	99.5
Other knit shirts	184.7	177.8	156.2	135.7
Swimwear	50.8	45.9	48.5	47.6
Warmup and jogging suits	42.8	26.8	21.3	17.4
Playsuits	35.5	29.3	29.3	18.0
Coverall, overalls, jumpsuits*	28.4	30.9	30.3	19.5
Foundation garments	237.1	276.0	281.2	272.6
Nightwear	230.2	185.0	170.8	137.5
Underwear*	1651.5	1699.9	1730.5	1866.7
Robes and dressing gowns*	40.1	38.7	37.0	27.3
Infants' Wear				
Shirts, pants, creepers, coats, rompers, playclothing	92.4	86.0	94.8	69.1
Underwear and nightwear	107.5	115.0	93.8	94.4

*Includes men's and boys' garments
N.A. Not available

SOURCE: U.S. Bureau of the Census

Department stores, which now represent 42.0 percent of women's and children's wear sales, gained 2.9 percent in the first four months of 1991. Women's wear specialty shops, in contrast, declined 4.2 percent and now account for only 29.5 percent of the total market. Sales of other outlets, including mail-order houses and children's wear stores were ahead of 1990 by only 0.3 percent.

DOMESTIC PRODUCTION

In our January 1991 report we noted that the Census Bureau had not released any data from its new quarterly survey on domestic production for any part of 1990. This has since been rectified and data for the year, while still preliminary, are now complete. The data show that domestic production of women's children's and infants' wear declined across a broad front in 1990.

Of the 22 items for which production data were collected by the Census Bureau only five managed to show increases in 1990. Separate suit-type jacket output gained by 20.8 percent over 1989, but even this seemingly large improvement failed to make up for the loss the year before and 1990 output was still below 1988 levels.

Few Products Ahead

Suit and pantsuit production was ahead 10.5 percent in 1990, while that of knit T-shirts and tank tops was up 9.0 percent. The number of women's and girls underwear garments was 7.9 percent higher, while infants' underwear and nightwear showed a marginal gain of 0.7 percent.

Even these limited gains may be overstated. The Census Bureau classifies as domestic production garments assembled abroad from fabrics cut in the United States. Women's coats and jackets and underwear were among the foreign-assembled items to show large import gains last year.

Output Generally Down

Of the remaining 15 items for which data was collected, all suffered production setbacks in 1990. Drops in excess of 30 percent took place in the case of women's and girls' shorts and sweaters and in playsuits and coveralls for both sexes.

Declines ranging from 18 to 27 percent were evident in other coats and jackets, warm-up suits, robes and nightwear for women and girls and in outerwear for infants. The remaining items fell between 2 and 13 percent; these included dresses, blouses, other knit shirts, skirts, slacks and jeans, swimwear, down-filled coats and foundation garments.

While the new Census series on domestic production is gradually becoming more timely, no data have as yet been published for 1991. General indications are that the downturn continued. The Industrial Production Index of the Federal Reserve Board showed a 7.5 percent decline in the apparel industry in the first 5 months of 1991, compared to a year ago. In 1990 the FRB index fell 5.2 percent.

IMPORTS

After many years of unbridled growth, apparel imports temporarily began to slow last year. For 1990 as a whole, apparel imports were down 0.7 percent when measured in terms of square meters of fabric used in their manufacture, still a relatively strong showing in the light of the developing recession and turmoil in retail markets. In dollar terms, there was a gain of 4.2 percent in 1990.

Hesitant buying patterns this year have further dampened purchasing and the total quantity of apparel imports in the first four months of 1991 is behind the same 1990 months by 5.2 percent; in dollars, the drop was 4.4 percent. Lean inventories, however, are likely to lead to a resumption of import growth later in the year.

Import Penetration Rises

Even though apparel imports have recently fallen in absolute terms, there is no sign this has offered even short-term relief to the beleaguered domestic industry. Domestic production of apparel has declined even more than imports in these past two years. Thus, import penetration continues to increase for most individual products as well as for apparel as a whole.

The turnaround in imports seems to be in process in fabric imports as partially-empty pipelines are being refilled. In April, fabric imports rose 27 percent over April 1990 and the four month total was up 10 percent. Imports of yarn and non-apparel made-up textile products, however, were still declining.

Shifts in Sourcing

While changes in the aggregate level of apparel imports have been modest for over a year, there have been dramatic shifts in the sources of these goods. Shipments this year through April from China and Hong Kong are both down 7 percent, while those from Korea are off by 30 percent. These are three of the top four suppliers and their losses alone account for 80 percent of the decline in apparel imports.

China trade has been disturbed by importer concerns over potential actions by the U. S. government against China, specifically, the intensified debate over whether Most Favored Nation (MFN) treatment should be renewed and by the recent disclosures involving very substantial transshipment. Korea and Hong Kong are affected both by rising wage levels which has led their manufacturers to speed up relocation to lower wage areas and by anti-dumping actions against their shipments of acrylic sweaters.

CBI Gains

Higher apparel shipments from Western Hemisphere countries made up for virtually the entire drop from the three large Far Eastern shippers. Apparel imports from Mexico were ahead 19 percent in the first four months of 1991 compared with a year ago, and those from the CBI nations were up 18 percent. More than two-thirds of this import growth was in "Item 807" work, i.e., garments assembled from fabric parts cut in the United States.

Imports of Selected Women's and Children's Garments
(in thousands of units)

Product	Fiber	Year 1986	Year 1987	Year 1988	Year 1989	Year 1990	Jan-Mar 1990	Jan-Mar 1991
Coats, jackets, raincoats	Cotton	28,635	32,018	25,283	23,058	24,748	5,479	4,365
	Wool	N.C.	5,850	5,292	5,051	5,607	249	301
	Synthetic	N.C.	52,020	55,732	48,249	65,862	11,700	13,647
	Other	N.A.	2,772	2,706	2,809	2,666	1,307	2,502
	Total	**N.C.**	**93,460**	**89,013**	**79,166**	**98,884**	**18,735**	**20,816**
Suits	Wool	N.C.	580	452	693	681	45	32
	Synthetic	N.C.	2,757	2,923	3,818	3,158	766	1,290
	Other	N.A.	511	930	706	1,566	649	769
	Total	**N.C.**	**3,848**	**4,305**	**5,216**	**5,405**	**1,460**	**2,092**
Dresses	Cotton	20,889	25,324	28,007	29,712	32,644	13,753	11,343
	Wool	2,326	1,607	1,396	1,703	1,603	95	82
	Synthetic	37,133	37,370	37,905	40,976	41,882	13,377	13,934
	Other	N.A.	2,085	1,960	4,276	2,573	1,363	1,088
	Total	**60,348**	**66,386**	**69,268**	**76,667**	**78,701**	**28,588**	**26,447**
Blouses	Cotton	160,071	164,222	134,801	138,667	126,738	45,730	38,171
	Wool	3,075	2,593	2,315	1,315	1,182	116	19
	Synthetic	137,464	108,246	111,390	121,590	129,967	36,693	37,513
	Other	N.A.	10,709	11,388	10,955	8,401	4,404	4,052
	Total	**300,611**	**285,770**	**259,895**	**272,527**	**266,288**	**86,944**	**79,755**
Knit shirts	Cotton	162,825	200,883	214,884	242,538	267,795	89,160	79,928
	Wool*	10,087	8,838	9,141	7,331	6,325	275	218
	Synthetic	244,681	240,392	195,354	283,722	280,856	76,557	66,212
	Other	N.A.	1,421	3,107	2,233	850	559	85
	Total	**417,593**	**451,534**	**422,485**	**535,825**	**555,826**	**166,550**	**146,443**
Sweaters*	Cotton	24,324	25,538	24,392	26,726	24,018	4,890	4,011
	Wool	41,653	38,219	34,820	29,809	26,646	1,490	787
	Synthetic	149,623	145,475	127,110	138,336	79,078	11,464	4,272
	Silk	9,289	15,067	10,127	6,128	4,514	156	133
	Other	127,289	107,362	67,107	107,158	89,854	10,887	7,933
	Total	**352,171**	**331,661**	**263,556**	**308,157**	**224,110**	**28,887**	**17,136**
Skirts	Cotton	38,450	63,053	50,841	40,455	41,844	14,395	10,019
	Wool	N.C.	6,713	5,157	4,721	4,820	195	164
	Synthetic	N.C.	40,084	35,695	36,300	36,706	8,999	11,110
	Other	4,751	7,341	5,124	4,985	4,607	2,288	2,839
	Total	**N.C.**	**117,195**	**96,816**	**86,462**	**87,977**	**25,876**	**24,131**
Slacks & Shorts	Cotton	182,205	189,093	204,627	248,565	238,938	81,787	70,076
	Wool	N.C.	3,586	4,066	3,909	3,935	184	286
	Synthetic	N.C.	134,810	132,350	158,434	170,761	56,488	47,671
	Other	N.A.	24,963	22,335	36,711	33,916	15,554	17,979
	Total	**N.C.**	**352,452**	**363,379**	**447,618**	**447,549**	**154,013**	**136,013**
Playsuits*	**Total**	**69,334**	**58,706**	**52,276**	**46,016**	**58,908**	**22,390**	**24,059**
Dressing gowns & robes*	Cotton	9,389	9,383	9,805	12,638	12,986	2,885	3,942
	Synthetic	5,630	6,725	8,544	12,238	10,063	2,288	1,772
	Total**	**15,018**	**16,245**	**18,432**	**24,909**	**23,065**	**5,182**	**5,715**
Nightwear & Pajamas*	Cotton	34,815	33,885	36,502	46,534	51,570	11,553	12,198
	Synthetic	27,820	30,432	32,740	40,936	41,141	9,126	8,749
	Total**	**62,635**	**64,427**	**69,312**	**87,498**	**92,726**	**20,681**	**20,948**
Underwear*	Cotton	137,350	164,462	209,589	276,603	314,615	76,844	88,697
	Synthetic	134,828	139,886	157,636	174,082	193,770	46,180	48,132
	Total**	**272,178**	**305,120**	**367,852**	**450,811**	**508,449**	**123,036**	**136,833**
Brassieres & girdles	**Total**	**179,558**	**196,194**	**218,286**	**220,001**	**213,333**	**51,515**	**53,563**

* Includes male garments ** Includes other fibers N.A. Not available
N.C. Not comparable with data beginning 1987 because of classification changes stemming from the Harmonized System
Source: U.S. Bureau of the Census (General Imports)

The continued growth of "Item 807" work leads to a distortion of our nation's export data since the cut garment parts are counted as exports of finished apparel when they leave the country for assembly. They are counted again as imports when they return. Exports of apparel to the CBI and Mexico currently account for roughly one half of total apparel exports, and most of this is cut parts.

Turkish Shipments plunge

Imports of apparel from the EC declined 39 percent through April and now account for barely 2 percent of our apparel imports. Turkey offers an interesting example of how our government mismanages trade policy. Turkish apparel shipments to the United States are down so far this year by more than 50 percent and alone account for one fifth of the total decline in imports. Yet, last year the Administration doubled Turkish quotas in repayment for their support in the Gulf War.

Data on apparel imports segregated by fabric or sex of the wearer for April could not be tabulated in time for this report. However, the data through March suggest smaller than average declines in imports of women's and girls apparel. For the three months, female garment imports were down 4.5 percent, while those for men and boys were off 10.4 percent. Accessories, including hats, hosiery, gloves, etc. were up 16.8 percent in the same period.

Products Diverse

Data on imports of individual items of women's and children's apparel are also tabulated only through March. While the numbers are for a relatively brief time period, they vary widely. Of the 13 products for which the data were available, 7 showed import increases and 6 declined.

The largest gainer was women's and girls' suit imports, up 43 percent in the first three months of 1991. Imports of coats and jackets and robes and underwear rose 10 to 11 percent, while those of playgarments, nightwear and foundation garments were ahead by smaller amounts.

Sweaters Lead Decline

The item with the largest import drop in 1991 was sweaters. The previously mentioned anti-dumping case and fashion shifts led to a 41 percent drop in the first three months. Imports of pants and knit shirts were down 12 percent, while those of skirts, dresses and woven blouses and shirts were 7 to 8 percent behind last years' numbers.

The U. S. market is clearly poised for a resumption of import growth once overall business improves. The threat to the American garment worker is three-pronged as retailers, importers and garment manufacturers can all be expected to increase their overseas sourcing.

The threat is underlined by the potentially devastating effects of the announced intention of the United States government to completely phase out all apparel import quotas and negotiate a Free Trade Agreement covering the Western Hemisphere. These policies are discussed in detail in the final section of this report.

EMPLOYMENT, HOURS, PAYROLLS

Production worker employment in women's and children's apparel suffered a further setback this year as domestic recessionary developments led to cuts in orders to domestic producers.

In the first four months of 1991, employment dropped 4.4 percent compared to the same months of 1990. Last year, as the economic downturn broadened, employment was off 5.1 percent.

Preliminary data for May, available only for the entire apparel industry and not for individual segments, suggest that the employment declines continued, though possibly at a slower rate.

Employment At New Low

Employment in our industry reaches a new low with every passing month and is currently below the levels prior to World War II. Years of accumulated decline have left the number of jobs in women's and children's wear at 76 percent of the level in 1980 and 66 percent of that in the peak year of 1973.

The employment cuts were widespread and affected all branches of the industry but one. In the first four months of 1991, the largest decline -- 11.9 percent -- took place in the corset and brassiere branch. Foundation garment companies continue to move their production abroad to take advantage of low labor costs, leaving only a small number of production jobs in the United States. The number of production worker jobs in knit outerwear were off 10.9 percent compared to the first four months of 1990.

Employment, Manhours and Payrolls, Women's and Children's Garment Industry

Average Employment of Production Workers

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1980	57,100	127,900	54,100	59,400	55,100	120,400	13,900	62,100	26,700
1981	53,200	121,300	55,000	60,000	54,700	123,400	14,200	62,500	26,300
1982	47,900	110,900	52,200	55,400	52,000	117,700	12,100	58,600	24,200
1983	47,100	105,600	51,300	54,100	51,000	124,200	12,200	58,100	24,700
1984	42,400	96,600	50,000	57,000	53,900	134,400	12,300	58,300	23,300
1985	36,600	78,800	44,100	55,700	50,800	142,400	11,200	53,400	20,700
1986	34,500	72,100	40,700	60,900	51,500	148,200	10,800	53,100	20,500
1987	32,300	68,400	38,800	64,100	50,200	154,500	9,600	50,400	22,000
1988	30,400	64,600	36,900	61,900	50,000	156,400	9,600	48,700	23,400
1989	31,000	62,400	35,700	57,800	49,400	159,000	9,300	46,000	25,400
1990	29,600	57,000	32,100	50,900	48,000	157,700	8,100	43,400	25,100
Jan-Apr'90	26,800	58,800	32,900	51,800	48,600	160,500	8,500	44,300	25,600
Jan-Apr'91	27,700	54,400	31,100	46,200	45,700	158,700	7,500	41,900	24,400

Manhours of Production Workers (in millions)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1980	97.1	202.6	92.7	114.2	97.9	209.2	24.1	113.4	49.4
1981	90.2	197.6	93.8	112.5	99.0	216.6	25.4	114.1	47.5
1982	78.1	179.9	89.7	101.7	92.1	199.9	20.4	102.8	41.9
1983	80.1	173.1	88.9	100.6	91.4	222.4	21.8	106.4	46.3
1984	72.7	160.1	86.8	106.5	98.7	241.1	22.7	107.6	43.6
1985	62.7	133.2	76.8	105.1	93.0	255.0	20.2	98.3	38.0
1986	60.1	122.0	71.9	116.9	95.7	263.1	19.0	99.3	40.4
1987	57.0	120.7	69.5	126.0	93.8	277.4	17.1	95.8	44.0
1988	54.9	114.6	66.4	122.2	93.0	281.0	17.2	92.9	45.6
1989	55.7	108.6	63.4	114.1	91.4	284.0	16.4	87.5	50.6
1990	52.2	96.2	56.8	96.1	87.8	279.9	14.2	82.5	47.5
Jan-Apr'90	15.5	32.8	19.0	32.2	29.3	94.0	4.9	27.2	16.2
Jan-Apr'91	15.9	31.0	18.4	27.8	27.7	94.5	4.6	26.2	14.5

Payrolls of Production Workers (in millions of dollars)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	$347.1	$906.5	$209.6	$389.0	$314.3	$481.7	$120.1	$321.9	$144.5
1980	489.2	953.7	399.0	535.6	417.9	930.0	105.9	464.1	225.4
1981	490.9	1,002.7	436.9	567.4	450.6	1,032.7	121.3	508.5	234.5
1982	444.0	946.5	427.8	534.1	436.2	991.7	103.9	476.3	216.6
1983	476.7	953.7	436.1	555.4	438.5	1,129.6	115.1	511.4	246.6
1984	448.8	912.1	439.2	615.9	488.8	1,261.0	126.4	535.4	241.8
1985	404.0	772.4	394.3	636.8	471.2	1,361.5	118.6	508.6	217.0
1986	388.1	720.0	366.0	742.7	494.1	1,428.8	117.3	518.6	238.2
1987	370.3	729.3	350.9	820.1	495.1	1,537.6	110.7	511.2	270.1
1988	358.6	712.5	340.4	782.2	511.8	1,625.9	112.5	513.7	294.8
1989	361.3	704.6	336.9	759.7	520.2	1,711.2	110.1	506.0	349.8
1990	361.3	638.1	315.8	698.2	522.3	1,719.8	99.2	498.6	349.6
Jan-Apr'90	104.0	211.8	104.5	229.9	171.2	572.4	34.4	162.4	118.8
Jan-Apr'91	111.3	209.3	105.3	205.2	168.9	594.2	32.5	163.1	108.0

* Men's and women's garments

Source: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

Dress employment declined 7.6 percent so far this year, while children's outerwear was behind by 6.8 percent, and blouses fell 5.4 percent. The declines were 5.2 percent in the underwear and nightwear industry and 4.7 percent for knit underwear mills. Employment in other women's outerwear, which includes pants, various sportswear items and washable service apparel was down least -- 1.1 percent.

The only industry to show higher employment this year was coats, suits and skirts, where the number of production jobs was 3.2 percent higher than in the same period a year ago. This recent gain must be viewed in perspective, however. Employment in the coat, suit and skirt industry fell over 10 percent in the same four months of 1990 and even with the 1991 gain, the number of jobs in the industry is still below the levels of 1988 and 1989.

While the basic 1991 trend in employment continues downward, the pace seems to have moderated in comparison to the declines that took place in 1990. In only three branches -- other outerwear, children's outerwear and knit underwear -- is 1991 thus far turning out to be a poorer employment year.

Longer Work Week

While fewer individuals were working in the industry this spring, those that still had jobs experienced a slightly longer work week than in the same 1990 period. For the women's and children's wear industry as a whole, average weekly hours worked increased 0.5 percent in the first four months of 1991. In dresses, blouses, other outerwear and underwear and nightwear the work week was up over half an hour. In corsets and brassieres, the gain was 1.7 hours per week.

In children's outerwear the increase in weekly hours worked was small. In the remaining three industries -- knit outerwear mills, knit underwear mills and coats, suits and skirts -- the work week declined. Knit underwear experienced the most severe drop -- 2.2 hours per week this year.

Total Hours Down

Total hours worked in the industry as a whole was 3.9 percent lower this year than in the corresponding months of 1990. In the individual branches, the total number of hours worked tended to parallel employment changes. Only two branches showed increases in 1991 -- coat, suit and skirt and other outerwear. In the case of the latter, the longer work week more than offsets the small employment decline.

On an overall basis, the industry's payrolls declined 0.7 percent in the first four months of this year. In the individual branches the pattern was mixed and ranged from a 7.0 percent gain in coats, suits and skirts to a 10.8 percent decline in knit outerwear.

The unemployment rate among workers whose last job was in the apparel industry was 8.9 percent this past May. This was down somewhat from the earlier 1991 levels which ranged from 9.2 to 12.3 percent.

AVERAGE HOURLY EARNINGS

Data on average hourly earnings in the industry for unionized as well as nonorganized plants are collected regularly by the U. S. Bureau of Labor Statistics (BLS). The data include wage supplements such as shift differentials and overtime premium pay, but do not encompass the cost of non-wage fringe benefits such as medical insurance, pensions and the like.

In the first four months of this year, each of the nine industries producing women's and children's wear shows significant gain over April 1990. Since the data are through April only, they do not include any of the adjustments negotiated by the ILGWU in the recent renewal of the major outerwear agreements. They do reflect, however, the impact -- albeit minor -- of the final stage increase in the national minimum wage to $4.25 on April 1, 1991.

Coats, Suits, Skirts Lead

The largest increase in hourly earnings -- 39 cents an hour -- took place in the coat, suit and skirt industry. This is not surprising, since this branch of the industry was the only one to experience a pick up in employment. Hourly earnings in children's outerwear were a close second with a gain of 36 cents.

Hourly earnings in the blouse industry advanced 29 cents between April 1990 and April 1991, while the gain in women's and children's underwear and nightwear was 27 cents, in knitted outerwear, 25 cents, and in corsets and brassieres, 23 cents.

Dress industry earnings rose 21 cents an hour this April. The smallest gains -- 17 cents an hour -- took place in knitted underwear and other women's outerwear (which encompasses various items of sportswear as well as washable service apparel).

Average Hourly Earnings, Women's Garment and Other Selected Industries

Industry	April 1985	April 1986	April 1987	April 1988	April 1989	April 1990	April 1991
WOMEN'S GARMENTS							
Coats, suits, and skirts	$6.37	$6.54	$6.48	$6.50	$6.30	$6.71	$7.10
Dresses	5.90	5.80	6.01	6.08	6.44	6.52	6.73
Blouses	5.10	5.09	5.03	5.08	5.26	5.52	5.81
Knitted outerwear*	6.09	6.32	6.48	6.38	6.39	7.18	7.43
Children's outerwear	5.06	5.19	5.21	5.39	5.64	5.84	6.20
Other outerwear	5.37	5.41	5.53	5.77	6.01	6.11	6.28
Corsets and brassieres	5.83	6.16	6.42	6.61	6.71	7.00	7.23
Underwear and nightwear	5.23	5.23	5.30	5.50	5.75	6.05	6.32
Knitted underwear*	5.70	5.92	6.03	6.46	6.82	7.36	7.43
MEN'S CLOTHING							
Suits and coats	6.72	6.65	6.82	6.80	7.06	7.33	7.43
Shirts and nightwear	5.05	5.16	5.28	5.41	5.59	6.03	6.17
Trousers and slacks	N.A.	N.A.	N.A.	5.52	5.68	6.01	6.15
Work clothing	N.A.	N.A.	N.A.	5.39	5.51	5.90	6.07
ALL MANUFACTURING	9.50	9.71	9.87	10.13	10.42	10.74	11.10
Nondurable goods	8.70	8.90	9.17	9.39	9.67	10.08	10.38
Printing and publishing	9.62	9.89	10.17	10.40	10.74	11.12	11.35
Rubber and plastic products	8.55	8.71	8.90	9.13	9.41	9.64	10.03
Cotton fabrics	7.06	7.17	7.45	7.72	7.96	8.17	8.48
Wool fabrics	6.99	7.23	7.62	7.98	8.41	8.42	8.68
Durable goods	10.03	10.27	10.37	10.65	10.95	11.22	11.64
Automobiles	13.37	13.45	13.40	14.01	14.18	14.39	14.99
Primary metal industries	11.64	11.95	11.92	12.10	12.32	12.88	13.22
COAL MINING	15.34	15.23	15.55	15.94	16.20	16.62	16.85
BUILDING CONTRACTORS	11.22	11.32	11.61	12.16	12.63	12.91	13.29
RETAIL TRADE	5.92	6.02	6.09	6.27	6.51	6.74	6.98
SERVICES	7.82	8.13	8.42	8.79	9.32	9.79	10.19

* Men's and women's garments
SOURCE: U.S. Bureau of Labor Statistics

COMMENTARY

Failure of the Congress to take away fast track authority to negotiate trade agreements from the Administration has led to the formal opening of exchanges between the governments of Mexico, Canada and the United States for a North American Free Trade Agreement (NAFTA).

Renewed negotiations in the Uruguay Round of the GATT (General Agreement on Tariffs and Trade), the 109 country trade organization, broken off in Brussels in December 1990, are expected to start up again officially in early autumn. In recent weeks, unofficial exchanges have increased.

These agreements are critical elements in the Bush Administration's foreign trade policy. Every effort will be made to move both of them ahead as rapidly as possible, despite the belief in some circles that the Administration sees a Mexican agreement as being of greater importance.

Fast Track Wins

The efforts of those opposed to granting the President fast track authority on these trade initiatives, which prevents the Congress from amending the agreements when they are presented for approval, failed for a number of reasons. Among the most important, was the equivocal position of the Democratic leadership in the House of Representatives and its ultimate support for the Administration's request for extension, although a large majority of Democrats in the House voted against fast track.

Second, the coalition opposing extension of fast track authority was not unified in the face of the tremendous Administration effort to extend fast track authority. Some opponents felt that it could best be

stopped on Mexico only, while others believed it more important to concentrate on the GATT. The ILGWU view was that fast track should be treated as a unity and that the unique coalition opposed to its extension could win if the unity was maintained on both issues.

GATT First

We expect the Administration to seek the earliest possible conclusion of the negotiations so as not to interfere with the presidential elections in the fall of 1992. Given the complexities of an agreement with Mexico and the growing efforts in the Congress to monitor these negotiations closely, we anticipate that the Uruguay Round negotiations on the GATT will be concluded first. Unless additional stumbling blocks develop, conclusion of the Uruguay Round may be expected by the end of this year.

The major stumbling block to movement on the Uruguay Round has been the severe difference between the U. S. and the European Community over agricultural policy. The U. S. government has sought to end agricultural subsidies, which are far greater in the EC than our own.

Under pressure from their powerful agricultural interests, the Europeans have strongly resisted U. S. proposals on the extent of cuts in subsidies and the speed with which they should end or be reduced. These differences led to the breakdown of Uruguay Round talks in Brussels on December 6, 1990, despite expectations at the time that an acceptable compromise would be fashioned by the U. S. and the EC.

An Agricultural Solution

While there has been some talk of movement on the part of the EC nations, the chances that they will acquiesce to U. S. proposals are not great. What may happen, however, as suggested in these pages in January, is that a formula will be devised which would allow both sides to claim that they are satisfied.

For example, the EC, which is currently reappraising its Common Agricultural Policy (CAP), may agree to end subsidization of agricultural exports. But, given the great economic and political power exerted by its farm community, especially in France and Germany, the EC may substitute a more direct form of financial assistance to its farmers.

Alternatively, the U. S. and the EC could agree to reduce subsidies by a given amount. With EC subsidies much higher than those in the U. S., this solution could end up with the maintenance of high level EC subsidies, while the U. S. eliminates all or the major share of such supports.

When the talks collapsed, despite rumors that Germany had agreed at the Summit meeting of the major powers in Houston to urge France to agree to a policy closer to that of the United States, it was clear that both Germany and France were reacting to the pressures of their powerful farm blocs and that France in particular would not budge. German policy within the EC would also continue to be one of reassuring France that Germany was not seeking hegemony in Europe.

The recent accession to the French Premiership of Edith Cresson, a vigorous protectionist, tends to underscore the view that the EC will not be able to materially change its position even if some of its members want to accede to a policy closer to that of the U. S. Thus, an agreement which would permit the Uruguay Round talks to resume on the basis of the stated position of the Administration should not be expected. If, however, Premier Cresson can be isolated within the EC, which would be difficult, a political solution may be reached.

A GATT Agreement

However, if the other negotiating areas of concern to the Bush Administration -- ending controls on apparel and textiles, protection of intellectual property, market openings, etc. -- are to be successfully concluded, this can only be accomplished if differences with the EC on agriculture are resolved in some manner that the U. S. can claim to be satisfactory.

The direction of renewed GATT talks depends on whether the Bush Administration is prepared to compromise in favor of its other desires. In our view, despite the movement to negotiate bilateral agreements in the Western Hemisphere, the GATT is still a critical element in U. S. trade policy. If a compromise that has the appearance of having resolved differences over agriculture can be put together with lights and mirrors, the Uruguay Round can be declared a success.

If a GATT agreement is reached and ratified by the U. S. Congress, the apparel and textile industries will be dealt a body blow. The almost completed discussions in the GATT Textiles Committee provide for ending all controls. Remaining to be filled in is the length of a transition period -- expected to be

about ten years -- before all controls are ended and the rate of export growth to developed nations during a transition. These can be resolved relatively easily once formal discussions resume.

However, if agreement is not reached on the Uruguay Round, the Administration could still use the Multifiber Arrangement to wipe out the domestic apparel industry. The MFA expires at the end of July 1991 and is expected to be extended to allow time for a GATT agreement to be concluded. The U. S. view is that it is better to have an agreement in force and work out the transition, rather than have the chaotic effect of simply allowing MFA to expire.

A study by the American Textile Manufacturers Association concluded that, given the transition period and import growth favored in Administration circles, 1.4 million out of the current 1.8 million apparel and textile jobs will be lost at the end of a ten-year transition. A Commerce Department study came up with similar conclusions.

NAFTA As Prelude

NAFTA, the recently proposed U. S.-Canada-Mexico agreement, should be looked at in two ways, each closely related to the other:

* It is the first in a series of free trade agreements between the United States and the countries of Latin America.

* Regardless of how it has been posed, it reflects the efforts of the Bush Administration to create a Western Hemisphere bloc in response to the EC in Europe and Japan in Asia.

Already under way and at different stages are negotiations with most other Latin American nations, as we have noted in prior analyses of government trade policy. This approach is also a curious commentary on how the Administration views trade, ostensibly based on multilateral rather than bilateral considerations. Yet, it reflects the reality of the current state of international trade relations.

Alliance Based on Poverty

A Western Hemisphere Free Trade Agreement is not a new concept. It has arisen in one form or another for a century. With the exception of the U. S. and Canada, it is not an alliance based on similar economic circumstances, but one based upon poverty. It also reflects an important relative weakening of the U. S. international economic position. In this sense, it may be considered a response to the powerful economic bloc crafted by the European Community and to Japan's East Asian bloc.

Creation of the U. S.-led economic bloc in the Western Hemisphere is a recognition of the division of the world into competitive blocs that are rivals in world trade. In this, the U. S. bloc has few advantages, except for geographical contiguity. More important, as a response to what is happening elsewhere in the world, it is not a creative initiative.

Market Size

Despite the talk about the huge market size of NAFTA and subsequently the rest of the hemisphere, spokespeople for government policy do not take into account the low buying power of this huge numerical market. In the case of Mexico, for example, it is widely estimated that as many as 80 to 85 percent of the population operate outside the normal marketplace. And Mexico is far from having the worst socio-economic conditions in Latin America.

The numerical size of a given market is not sufficient to base the potential for economic growth. Other factors are part of the picture. Among them, in addition to the extent to which the people of a country participate in its economy, is the level of wages -- the ability of people to participate in a market economy.

Characteristically, Latin American wages are so low as to allow at best subsistence and not growth by market participation. There is a mysticism that suggests that all that is necessary to economic growth is the creation of a market system and living standards and purchasing power will automatically rise.

EC Policy Differs

In this connection, it is helpful to note the differences in procedure followed by the European Community when it decided to include Spain and Portugal, the low wage countries of Europe, in the EC and U. S. policy in the countries to the south of us.

The EC engaged in a long range policy of subsidies and of technological assistance to these countries that raised living standards and wages and allowed them to compete on the basis of more than merely cheap labor. EC members were not seeking low-cost

production areas, nor the removal of their production facilities to Spain and Portugal.

Source of Cheap Labor

To U. S. businesses, the virtue of agreements with Mexico and other Latin American countries is not the market they provide for the products of United States companies. Such agreements will formalize and codify the ability of U. S. companies to use of the labor of these countries at a cost ranging from one-tenth to one-twentieth of U. S. labor costs, while removing tariffs, quotas and restrictions on U. S. investment.

A hemispheric trade alliance would also permit U. S. companies to move to other Latin American countries as well, some with even lower labor costs than those in Mexico and with even less of a semblance of labor legislation to protect workers rights. U. S. business organizations are constantly ready to move to those countries which can insure low wages.

Watch Over Trade

In the upcoming months, the Bush Administration will seek to conclude agreements in the GATT and with the NAFTA countries. It is essential that efforts be made to prevent the Administration from giving away more of the nation's patrimony in the interests of its ideological stance or for any other reason. This requires the closest oversight of the negotiations by the Congress and others.

The newly formed Fair Trade Caucus in the House of Representatives may possibly be able to accomplish the essence of what the movement against fast track sought, namely to keep the Administration from giving away more of the national economy. Defeat of efforts to stop extension of fast track authority underlines the need to intensify efforts by the Congress to prevent the giveaway of more of our manufacturing base. It may still be possible to assert the right of the Congress to amend any agreement.

Greater attention should also be paid to the grass roots concerns of the American people. Polls conducted by various opponents of the direction the GATT talks were taking and the dangers inherent in the NAFTA negotiations show that sentiment is very much on our side.

These concerns need direction. Members of the Congress should learn that how they vote on trade issues may affect their chances for reelection. Greater oversight and more attention to grass roots sentiments should become the cornerstones of a national movement to prevent the Bush Administration from acting against the nation's economic interests.

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CONDITIONS
IN THE WOMEN'S GARMENT INDUSTRY

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ECONOMIC BACKGROUND

Despite Administration claims that the U. S. economy moved out of recession in April or May and preliminary data that seemed to back up that view, the latest revision of Gross National Product data for the second 1991 quarter showed a continued drop in the nation's output of goods and services.

The ongoing fall in GNP, adjusted for price increases, marked the third consecutive quarter in which GNP has declined, leaving it considerably below its level in the third 1989 quarter.

Very spotty data for the first two months of the third quarter indicate that little change in the economy can be expected in that quarter. There is still sufficient reason to expect that whenever a recovery does begin it will be weaker than the usual recovery after a downturn and to question how long a recovery may last and how much of a recovery it will be. These factors continue to allow for a possible "double dip" in the current recession in our view. Most private and government forecasters rule out such an event.

The last revision of GNP data for the second quarter, made at the end of September, showed that the economy declined at an annual rate of five-tenths of one percent. The sharp drop in business inventories for the third successive quarter and the pickup in personal consumption expenditures in the second quarter, however, are seen by many analysts as positive signs that a recovery is underway. They suggest that rebuilding of inventories may have provided a substantial boost to economic performance in the just-ended third calendar quarter and, if not in the third, most likely in the fourth quarter.

Consumer Confidence Down

However, crucial to any expectation that inventory rebuilding will lead to economic recovery is whether consumers will increase their purchases on a large enough scale or whether replenishment of depleted inventories may merely reflect the maintenance of continued limited business activity.

Consumer purchases, which constitute just shy of two-thirds of GNP, have been sagging throughout the recession as job losses continue in almost every sector of the economy. Business Week noted (October 7, 1991) that, "households are more worried about the economy now than they were last spring when the end of the war had buoyed their spirits."

The magazine pointed out that the Conference Board's index of consumer confidence fell from 76.1 in August to 72.7 in September, indicating that consumers have become even more doubtful about the economic outlook six months out than in the previous recession month. The September index was the lowest since the 1981-1982 recession.

Heightening consumer concern about jobs, is the growth in total outstanding consumer debt, which has hit a record level of more than 96 percent of annual after-tax earnings against 65 percent in the 1960s and 1970s. These data point up the difficulty consumers have in paying off their debts, let alone either increasing their purchases or saving.

Poverty Rate Up

The release of GNP data coincided with publication of a report by the Bureau of the Census that 2.1 million more people in this country were living in poverty in 1990 than in the prior year. The report stated that the major increases in poverty took place among white men and Hispanics, but not blacks, and among children and the elderly. Hispanics can be either white or black in the Census data.

An estimated 33.6 million Americans were living in poverty in 1990, Census reported, bringing the rate up from 12.8 percent in 1989 to 13.5 percent in 1990.

Since the current economic recession did not begin officially until the second half of 1990, the full extent of the rise in poverty related to the recession will not be known until the Census Bureau reports its poverty survey next year. Real per capita income for all Americans declined in 1990 by 2.9 percent, Census reported. Only in 1983, when the 1981-1982 recession ended, did the poverty rate reach a higher level.

Threat to Mass Market

In sum, while most of the private and government forecasters anticipate growth in the economy this year and in 1992 from increased consumer demand, there is little indication that this will occur on a scale

sufficient to move the economy substantially forward. As the brief analysis above shows, consumers either cannot comply with the outlook of forecasters, are more heavily indebted than heretofore or continue to fear the loss of jobs.

Recovery from the current recession is also affected by a growth in manufactured imports and now increasingly in such services as computerized banking records and credit card servicing and billing. The export of jobs clearly affects the ability to purchase unless new and at least equally paying jobs are created. Even this may not be enough, however, since our kind of economy is based on the need for continuous growth.

Given the Administration's trade policy, additional jobs in services and manufacturing may be expected to be moved abroad in order to lower labor costs. There is also no indication that the Administration has any interest in creating jobs at least equal to those that have been and will be exported. In the longer turn, this will affect not only the extent of recoveries from economic downturns, but also the very living standards of the mass of the U. S. population.

GNP Changes

To return to the detailed data on the economy. Some elements in the final data on second quarter GNP and sketchy data for some of the third quarter months, reflect a lack of sufficient growth for a real turnaround in the economy in the upcoming months. Personal consumption outlays were up in the quarter, reversing two quarters of decline, but the rise was due only to an increase in non-durable outlays. Durable purchases continued to fall, albeit more slowly than in the prior two quarters.

Investment was down an additional 1 percent as outlays for nonresidential structures registered further declines. Equipment expenditures turned up, rising 1.5 percent in the quarter after declining almost 5 percent in the prior quarter. As in the recent past, however, the largest share of equipment outlays was office, and not manufacturing, related.

Although orders for U. S.-made machine tools went up 22 percent in August over July and reflected the third consecutive month in which increases took place, they were still considerably below the level in August 1990. Orders in September were 15 percent below those last September. Machine tool orders are considered to be a key indicator of the strength of industrial production. Residential outlays were up slightly over the first quarter after severe drops in the past several years.

Exports continued to rise in the second quarter, but imports were considerably higher, more than making up for declines in the fourth 1990 and the first 1991 quarter. Government outlays were up after dropping in the first quarter, with the dominant military expenditures falling as the much smaller non-military purchases rose. State and local government outlays continued to decline in the quarter.

Compensation Up

Compensation of employees in 1982-1984 dollars rose 0.5 percent over the first quarter, but was 1.5 percent below that of the same quarter in 1990. Corporate profits were up 0.7 percent after dropping more than 7.4 percent in the first quarter. Per capita personal income in 1982 dollars rose slightly in the second quarter, but has declined against the same quarter in the prior year for the past four quarters.

Retail sales in real terms continued to fall in the second quarter over the same quarter a year earlier, marking the fifth consecutive quarter of such drops. July 1981 retail sales in real terms were 1.7 percent below those in the same 1990 month and August sales were 2.1 percent below those in August 1990.

Durable goods sales, down for five consecutive quarters, dropped 3.6 percent in July and 4.1 percent in August over the same 1990 months. Non-durable sales declined for the fourth quarter in a row, but were down a lower 0.6 percent and 0.8 percent in July and August respectively over the same 1990 months. Orders for durable goods were down in August after rising in July.

Manufacturing Output Down

Industrial production declined in the first two quarters of 1991 and in July was 2.5 percent below that in July 1990 and in August 2.1 percent below that in the prior year. Manufacturing production, also down in the first two 1991 quarters, dropped 2.6 percent in July over July 1990 and 2.3 percent in August.

Non-agricultural civilian employment rose a slight 0.1 percent in the second quarter, but was 1.1 percent below that of the second 1990 quarter. July and August 1991 employment was lower by about the same percentage over the same 1990 months. The number of production workers in manufacturing in the second 1990 quarter was down for the seventh quarter in a row and declined substantially in July and August over the 1990 months.

The unemployment rate, 6.8 percent in the second quarter, remained at the same level in both July and

August. September data showed a decline in the rate to 6.7 percent, but this was not considered to be significant. Average hourly earnings in manufacturing rose 1.0 percent in the second quarter and were up 3.3 percent over the same 1990 quarter. July and August 1991 earnings were 3.2 percent and 3.6 percent, respectively, higher than in 1990.

The consumer price index rose 4.7 percent in the second quarter, compared with a 5.3 percent rise in the first quarter against like quarters in the prior year. In July and August the rate of rise in consumers prices continued to drop against the same months in the prior year. CPI was up 4.4 percent in July and 3.8 percent in August against year ago levels.

RETAIL SALES

The nation's retailers continue to be plagued by the recessionary mood that pervades the nation. While economic pundits, in and out of government, are quick to proclaim that recovery is at hand, the American consumer remains a non-believer, and with good reason. There is a lingering, deep-seated concern about the future.

Incomes continue to decline in real terms, substantial layoffs are reported daily and threats of future layoffs have not abated. Personal debt remains high and while many interest rates have fallen, credit card or charge account interest rates have not.

Workers who normally would have above average discretionary incomes to spend -- professionals, white collar workers, etc. -- have been more heavily impacted than in prior recessions. Blue collar workers have also been affected. These factors have made the consumer wary and fearful, with purchasing focusing mainly on necessities and discount prices.

Total Sales Weak

Although the current recession has been described as mild, retailing is apparently headed for its worst year in over a decade. Total retail sales were up only 1.0 percent in current dollars in the first eight months of 1991. In real terms, sales were down 2.7 percent. Even in the severe 1981-1982 recession, real sales declined only 0.8 percent.

Barring a sudden surge in sales at year's end, something not currently expected, 1991 will be the third year in a row in which sales failed to keep pace even with our extremely low population gains. In 1989, real retail sales rose only 1.3 percent and in 1990, they fell 0.8 percent.

Durables Lag Most

Durable goods stores have borne the brunt of the retail malaise. The credit crunch forced many consumers to put off purchases of large-ticket items -- cars, homes, appliances, furniture, etc. Building supply dealers were also behind. Sales of all durable goods stores declined 2.8 percent in current dollars through August and were down 4.9 percent from last year in real terms.

Nondurable goods store performance was only slightly better than that of the durable goods sector, rising 3.4 percent in the first eight months of 1991. After allowance for higher prices, their sales were actually down 1.2 percent. The only significant strength was shown by discount department stores, vegetable stores and drug stores.

The recession has affected retail stores unevenly in the various geographic areas. Total sales were down this year in New England, in the Middle Atlantic states and on the West Coast. The Central, Mountain and South Atlantic states, in contrast, showed some retail improvement.

Women's Wear Lacks Zip

Data on individual types of apparel stores for August will not become available until after this report goes to press. It is evident, however, that the economic downturn did not spare the women's and children's wear field. In the first seven months of 1991, sales of female apparel in actual dollars rose only 1.6 percent over the same months of 1990. In real terms, this amounted to a decline of 2.1 percent.

As elsewhere, financially strapped consumers tended to shop for apparel in discount department stores and discount specialty shops. Unseasonable weather and the impact of the weakened labor market on clothing purchases also took their toll. Apparel retailers had hoped that the back-to-school season this year would be the turn around point, but it came and went in lackluster fashion.

No Change Seen

Preliminary market report data for August and September suggest that the apparel consumer is still waiting on the sidelines for economic prospects to take a turn for the better. Some stores report small gains over last year's performance, but these are largely illusory since they are measured against last year's very weak sales during the Gulf crisis. Cooler fall weather may be helping slightly to bring customers to the stores.

Retail Sales of Women's and Children's Wear by Type of Outlet*

(in millions of dollars)

Period	Total Sales	Department Stores	Women's Specialty Stores	Family Clothing Stores	Other Retail Outlets
1980	$48,287	$20,409	$16,273	$5,007	$6,598
1981	53,746	23,188	17,764	5,745	7,049
1982	59,160	24,477	20,884	6,504	7,295
1983	62,837	26,823	20,486	7,370	8,157
1984	69,514	30,189	22,276	7,927	9,122
1985	75,489	32,136	24,504	8,648	10,201
1986	82,223	34,586	26,791	9,438	11,407
1987	87,258	36,603	27,351	10,547	12,757
1988	93,136	38,941	28,802	11,606	13,787
1989	98,712	40,235	30,563	12,657	15,257
1990	102,494	41,779	31,017	13,756	15,943
Jan-Jul'90	52,670	21,066	16,592	6,819	8,193
Jan-Jul'91	53,512	21,776	16,165	7,285	8,286

* Data include millinery, furs, hosiery, gloves and other accessories.

SOURCE: ILGWU Research Department (Benchmarked to Census of Business)

Retailers remain very cautious in their buying, although some efforts at restocking are taking place, particularly in new fall merchandise. As in the past number of years, this will most certainly lead to higher levels of clothing imports rather than any significant improvement in domestic operations.

DOMESTIC PRODUCTION

Census Bureau data show that production activity in the first quarter of 1991 was generally below first quarter 1990 levels. We have noted for some time that the Census Bureau was having difficulty in establishing its new quarterly apparel production series. Matters seem to be improving, although delays are still prevalent. For example, data for the first quarter of 1991 were not released until the end of September, i.e., with a lag of six months.

Of the 22 items for which first quarter data were released, 9 chalked up improvements in the first quarter and 13 declined. Some caution is needed in interpreting these data, however. The first quarter production results are typically affected by the date on which Easter Sunday falls. This year, Easter was early, last year it fell in mid-April.

In addition, the Census Bureau definition of domestic production includes garments cut in the United States and assembled abroad. This tends to overstate the level of domestic production as well as the degree of growth. Lastly, the data are collected from a decreasing pool of firms and subject, therefore, to being more erratic.

Suit Production Jumps

Output of suits and pantsuits jumped 65 percent this spring, following a 15 percent increase last year. As if in confirmation, suit imports also are up strongly this year as well. Domestic production of separate suit-type jackets rose 14 percent, following a 25 percent rise in all of 1990. Also well ahead through March were swimwear and coveralls and overalls; both gained 13 percent.

Foundation garment production advanced 12 percent, though most of the assembly was done abroad, and infants' outerwear rose 10 percent. Coats and jackets

Production of Selected Women's and Children's Garments
(in millions of units)

	1987	1988	1989	1990	1st Qtr 1990	1st Qtr 1991
Women's and Girls' Garments						
Coats & jackets, exc. suit type	24.9	22.6	21.3	18.1	3.9	4.2
Down & feather filled coats*	1.2	1.0	1.2	1.0	0.3	0.1
Suits and pantsuits	7.5	8.4	6.7	7.7	1.9	3.1
Separate suit-type jackets	19.7	22.3	16.9	21.2	4.7	5.4
Dresses	220.9	189.2	185.4	172.3	49.1	49.4
Skirts and divided skirts	126.0	115.5	98.7	92.8	23.3	22.3
Slacks, jeans & sweatpants	322.7	304.4	287.5	299.0	72.7	68.4
Shorts	59.5	78.6	83.3	59.7	26.2	21.5
Sweaters	83.3	74.2	65.3	41.2	9.6	6.6
Woven blouses and shirts	279.1	224.7	215.8	208.0	57.5	47.8
Knit T-shirts and tanktops	92.0	76.0	90.1	116.3	40.4	40.6
Other knit shirts	184.7	177.8	156.2	140.8	38.2	29.9
Swimwear	50.8	45.9	48.5	49.6	16.5	18.6
Warmup and jogging suits	42.8	26.8	21.3	15.6	4.2	4.1
Playsuits	35.5	29.3	29.3	17.6	5.7	5.4
Coverall, overalls, jumpsuits*	28.4	30.9	30.3	19.8	5.4	6.1
Foundation garments	237.1	276.0	281.2	270.8	61.7	69.2
Nightwear	230.2	185.0	170.8	140.0	36.1	32.1
Underwear*	1651.5	1699.9	1730.5	1860.7	480.0	425.8
Robes and dressing gowns*	40.1	38.7	37.0	27.3	6.3	4.2
Infants' Wear						
Shirts, pants, creepers, coats, rompers, playclothing	92.4	86.0	94.8	71.8	17.6	19.5
Underwear and nightwear	107.5	115.0	93.8	97.9	30.4	24.9

*Includes men's and boys' garments
N.A. Not available

SOURCE: U.S. Bureau of the Census

gained 7 percent. Two products -- dresses and knit t-shirts and tank tops -- were ahead less than 1 percent.

Most Products Decline

The deepest cut -- 50 percent -- was in down filled coats. Robes and dressing gown output was off 34, percent while that of sweaters was down 32 percent. Knit shirt production fell 22 percent, that of shorts and infants' underwear 18 percent and woven blouses and shirts were down 17 percent.

Output of underwear and nightwear were each down 11 percent, pants were 6 percent behind, playsuits off 5 percent and skirts lagged the first quarter of 1990 by 4 percent. The smallest decline -- 3 percent -- took place in the output of warmup and jogging suits.

As noted earlier, the Census Bureau has not yet released data for the second or third quarters of 1991. Preliminary data from other sources suggest that the weakness in output has continued, although some moderation has taken place.

The Industrial Production Index of the Federal Reserve Board declined 8.6 percent in the first quarter of 1991 compared with last year. The FRB index was down 4.2 percent in the second quarter, off 1.6 percent in July and ahead 0.1 percent in August, all compared with the same 1990 periods. August remained 5.8 percent behind the August 1989 level.

IMPORTS

After 11 months of decline, the long-term growth in apparel imports was resumed in July. It remains to be seen whether imports will continue to grow. The increase over July 1990 was 4.2 percent in terms of

Imports of Selected Women's and Children's Garments

(In thousands of units)

Product	Fiber	Year 1986	Year 1987	Year 1988	Year 1989	Year 1990	Jan-Jul 1990	Jan-Jul 1991
Coats, jackets, raincoats	Cotton	28,635	32,018	25,283	23,058	24,787	13,776	11,378
	Wool	N.C.	5,850	5,292	5,051	5,607	2,444	2,645
	Synthetic	N.C.	52,020	55,732	48,249	65,886	34,302	36,393
	Other	N.A.	2,772	2,706	2,809	2,671	1,731	3,608
	Total	**N.C.**	**93,460**	**89,013**	**79,166**	**98,951**	**52,253**	**54,024**
Suits	Wool	N.C.	580	452	693	681	313	446
	Synthetic	N.C.	2,757	2,923	3,818	3,158	1,631	2,849
	Other	N.A.	511	930	706	1,566	1,030	1,283
	Total	**N.C.**	**3,848**	**4,305**	**5,216**	**5,405**	**2,974**	**4,577**
Dresses	Cotton	20,889	25,324	28,007	29,712	32,644	23,611	18,559
	Wool	2,326	1,607	1,396	1,703	1,603	749	606
	Synthetic	37,133	37,370	37,905	40,976	41,882	25,598	26,195
	Other	N.A.	2,085	1,960	4,276	2,573	1,906	1,538
	Total	**60,348**	**66,386**	**69,268**	**76,667**	**78,701**	**51,862**	**46,898**
Blouses	Cotton	160,071	164,222	134,801	138,667	126,738	88,668	75,242
	Wool	3,075	2,593	2,315	1,315	1,182	338	202
	Synthetic	137,464	108,246	111,390	121,590	129,967	78,988	85,135
	Other	N.A.	10,709	11,388	10,955	8,401	5,770	5,619
	Total	**300,611**	**285,770**	**259,895**	**272,527**	**266,288**	**173,763**	**166,197**
Knit shirts	Cotton	162,825	200,883	214,884	242,538	268,372	179,583	158,842
	Wool*	10,087	8,838	9,141	7,331	6,346	2,853	2,639
	Synthetic	244,681	240,392	195,354	283,722	280,916	173,334	148,699
	Other	N.A.	1,421	3,107	2,233	856	677	185
	Total	**417,593**	**451,534**	**422,485**	**535,825**	**556,489**	**356,448**	**310,363**
Sweaters*	Cotton	24,324	25,538	24,392	26,726	23,500	11,279	9,547
	Wool	41,653	38,219	34,820	29,809	26,681	9,406	6,405
	Synthetic	149,623	145,475	127,110	138,336	79,099	46,933	25,943
	Silk	9,289	15,067	10,127	6,128	4,514	892	831
	Other	127,289	107,362	67,107	107,158	89,854	41,507	36,779
	Total	**352,171**	**331,661**	**263,556**	**308,157**	**223,648**	**110,017**	**79,505**
Skirts	Cotton	38,450	63,053	50,841	40,455	41,844	29,992	20,966
	Wool	N.C.	6,713	5,157	4,721	4,820	2,280	2,039
	Synthetic	N.C.	40,084	[illegible]	36,300	36,706	21,015	25,647
	Other	4,751	7,341	[illegible]	4,985	4,607	3,158	3,904
	Total	**N.C.**	**117,195**	[illegible]	**86,462**	**87,977**	**56,445**	**52,556**
Slacks & Shorts	Cotton	182,205	189,093	204,627	248,565	238,938	161,308	148,915
	Wool	N.C.	3,586	4,066	3,909	3,935	2,042	1,630
	Synthetic	N.C.	134,810	132,350	158,434	170,767	107,337	94,544
	Other	N.A.	24,963	22,335	36,711	33,916	23,070	27,110
	Total	**N.C.**	**352,452**	**363,379**	**447,618**	**447,555**	**293,756**	**272,198**
Playsuits*	**Total**	**69,334**	**58,706**	**52,276**	**46,016**	**58,908**	**39,190**	**42,660**
Dressing gowns & robes*	Cotton	9,389	9,383	9,805	12,638	12,986	6,319	7,723
	Synthetic	5,630	6,725	8,544	12,238	10,063	4,932	4,665
	Total**	**15,018**	**16,245**	**18,432**	**24,909**	**23,065**	**11,265**	**12,393**
Nightwear & Pajamas*	Cotton	34,815	33,885	36,502	46,534	51,570	27,505	27,493
	Synthetic	27,820	30,432	32,740	40,936	41,141	21,477	22,441
	Total**	**62,635**	**64,427**	**69,312**	**87,498**	**92,726**	**48,983**	**49,936**
Underwear*	Cotton	137,350	164,462	209,589	276,603	314,615	176,696	216,216
	Synthetic	134,828	139,886	157,636	174,082	193,770	107,851	115,567
	Total**	**272,178**	**305,120**	**367,852**	**450,811**	**508,449**	**284,587**	**331,794**
Brassieres & girdles	**Total**	**179,558**	**196,194**	**218,286**	**220,001**	**213,333**	**122,027**	**136,477**

* Includes male garments ** Includes other fibers N.A. Not available
N.C. Not comparable with data beginning 1987 because of classification changes stemming from the Harmonized System
Source: U.S. Bureau of the Census (General Imports)

square meters of fabric used to manufacture the imports and 0.6 percent in dollar terms. The reversal confirms the earlier conclusion that the downturn was primarily a reflection of the recession and consequent retail weakness, rather than the result of any government policy aimed at import restraint.

Cumulative data on apparel imports for the first seven months of 1991 are, however, still 3.6 percent behind last year's level in quantity and 4.4 percent behind in value. In calendar year 1990, apparel imports were down 0.7 percent in quantity, although 4.2 percent ahead in dollar terms.

Data on quantities of apparel imports classified by sex show that those of female apparel grew slightly in May and more strongly in July compared to a year ago and were down only 2.2 percent in the January-July months. Men's and boys' clothing imports did not start rising until July and were off by a cumulative 8.5 percent. Accessories -- gloves, hosiery, headwear, neckwear, etc. -- were ahead 12.5 percent in square meters in July and 7.8 percent in the entire period.

Pipelines Refilling

The import turnaround reflected the need of retailers and suppliers to start refilling pipelines after maintaining stringent inventory controls for several seasons. Some purchasing was in anticipation of an end to the recession and some due to the need for fresh merchandise for the fall season.

Fabric imports, measured in square meters, started to move up this Spring and were 8.9 percent ahead in the first seven months of 1991. Imports of yarn and non-apparel made-up textile articles resumed their growth in July, but shipments were still down for the seven month period.

Sourcing Varies

Foreign sourcing for the U. S. apparel market accounts for roughly 60 percent of total sales. With many countries paying wages that are but one-tenth or one-twentieth of those in the United States, imports can be expected to take an even greater share of the U. S. market. However, the world-wide search for ever-lower wage levels is leading to shifts in relative importance among the 179 nations currently shipping to the U. S. market.

Apparel trading companies, including many from such foreign centers as Japan, Hong Kong, Taiwan, Korea and Singapore, have been relocating production to lower-wage countries, among them China, Bangladesh, Malaysia, Indonesia, Thailand and the Philippines.

In the first seven months of 1991, apparel imports from Korea declined 25.5 percent. Although acrylic sweater shipments were affected by an antidumping action brought by the U. S. sweater industry, declines were evident among a wide range of products.

Imports of apparel from Hong Kong were down 4.0 percent, while those from China were off 6.2 percent. Of Asia's big four shippers, only Taiwan apparel exports rose 5.4 percent this year. Five years ago the Big Four accounted for 60 percent of U. S. apparel imports; this year their share is down to 47 percent.

While China continues to be the leading import source because of its low wage levels and huge labor force, it has lost some ground. Revelations of transshipments to evade quotas, the use of prison labor and civil rights violations have left importers with serious concerns about possible U. S. government retaliatory moves that might interfere with deliveries.

Western Hemisphere Gains

A major part of the recent declines in shipments from the Far East was offset by the growing role of Western Hemisphere shippers, encouraged by U. S. government policy. Apparel imports from Mexico, measured in square meters, are up 20.0 percent so far this year, while those from the Caribbean Basin Initiative nations are ahead 19.1 percent.

CBI and Mexico now account for 17 percent of apparel imports, up from 8 percent five years ago. Our Latin neighbors offer wages competitive with those of the Far East, shorter travel time in this era of Quick Response and ample quota availability.

More than 80 percent of the growth this year in shipments from Mexico and the CBI was accounted for by heightened use of "Item 807.00". Under this program, fabric parts cut in the United States are exported for assembly abroad and on return to the United States duty is paid only on the value added abroad, not the full value of the product. If fabric formed in the U. S. is used as well, the garments are subject to special quotas that are virtually open-ended.

The widespread use of this program also helps distort the nation's export data, since, under U. S. Customs rules, the cut garment parts are classified as completed garments. More than one-half of the nation's apparel exports go to the CBI and Mexico, the vast majority being little more than cut parts.

Europe's Role Diminished

Apparel imports from the EC, measured in square meters, fell 35.7 percent in the first seven months of

this year, and now account for only 1.6 percent of clothing imports. Non-EC European countries did even more poorly, declining 43.8 percent.

Imports from Turkey fell 44.7 percent even though the U. S. government doubled its quotas in repayment for its role in the Gulf War. Our government also recently announced the conclusion of a new bilateral agreement with Poland that provides 100 percent increases in quotas, although apparel imports from Poland are down 42.0 percent this year. It is anticipated that there will be similar quota liberalization for many of the newly independent East European republics.

U. S. government trade policies create at least two major problems. First, the American garment worker is asked to carry the full burden of foreign policy decisions. No meaningful quotas have been taken away from any other trading partner so that the burden can be shared.

Second, the liberal granting of unneeded quota creates a vast reservoir of quota availability permitting import spurts if demand improves. This, in turn, magnifies the impact on domestic producers and workers. A comprehensive commentary on the nation's textile and apparel trade policy appears at the end of this report.

Products Vary

Imports of individual items of women's and children's apparel exhibited diverse patterns in the first seven months of 1991. Of the 13 items in the table, seven increased this year and 6 declined. Suit imports were ahead 54 percent, playsuits advanced 9 percent and coats and jackets rose 3 percent.

In contrast, blouse imports were off 4 percent, dresses declined 10 percent, knit shirts fell 13 percent and sweaters were 28 percent behind last year's level. Among items for which data are not shown in the table, coverall and overalls moved up, while swimwear imports declined.

Imports of intimate apparel have been generally strong this year. Underwear imports were ahead 17 percent, brassieres and girdles gained 12 percent, robes were 10 percent higher and nightwear moved up 2 percent. Not shown in the table, but increasing as well, were panty hose and body suits.

EMPLOYMENT, HOURS, PAYROLLS

The steep declines that had been taking place in production worker employment in women's and children's apparel have tapered off somewhat in the last few months. After declining 5.1 percent in 1990 and 4.6 percent in the first half of 1991, in comparison to year ago levels, there was an insignificant gain of less than one tenth of a percent in July and a 1.8 percent drop in August.

Detailed industry data for September will not be available for several weeks. Preliminary September employment for the entire apparel industry, however, declined 0.9 percent and suggest that a further setback took place in women's and children's wear as well.

In perspective, the mid-year developments seem less benign. Comparisons are being made not to pre-recession levels, but to the already slowed activity in the industry in mid-1990. July 1991 women's and children's wear employment was 5.5 percent below July 1989 and the two-year August drop was 6.2 percent. The first eight months of 1991 were 3.2 percent behind last year and 8.3 percent behind 1989.

Long Term Declines Continue

There is no end in sight to the long term decline in the number of jobs in our industry, already below the levels of over 50 years ago. Current employment levels are but 66 percent of their peak level in 1973 and 76 percent of where they were in 1980.

Employment developments in the individual branches of women's and children's apparel mirrored the overall industry patterns -- employment declines slowing in the past two or three months, but still lagging behind already low pre-recession levels. In several branches -- corset and brassiere, children's outerwear and knit underwear -- July and August employment was ahead of last year, but not enough to reverse the cumulative downtrend.

The strongest showing this year was in the coat, suit and skirt industry, which showed increases from March on, and moved up 5.8 percent in the first eight months of 1991. All of the other branches of our industry were weaker this year. Other women's outerwear (including pants, beachwear, miscellaneous sportswear and washable service apparel) declined 0.7 percent through August, while knit underwear was behind by 2.4 percent.

The number of production workers fell 3.5 percent in children's outerwear and 3.9 percent in underwear and nightwear. The drop was 4.7 percent in blouses, 6.8 percent in foundation garments and 7.8 percent in dresses. The largest setback -- 9.1 percent -- took place in knit outerwear.

Employment, Manhours and Payrolls, Women's and Children's Garment Industry

Average Employment of Production Workers

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	64,500	183,700	45,900	70,200	68,900	102,000	24,700	72,800	28,700
1980	57,100	127,900	54,100	59,400	55,100	120,400	13,900	62,100	26,700
1981	53,200	121,300	55,000	60,000	54,700	123,400	14,200	62,500	26,300
1982	47,900	110,900	52,200	55,400	52,000	117,700	12,100	58,600	24,200
1983	47,100	105,600	51,300	54,100	51,000	124,200	12,200	58,100	24,700
1984	42,400	96,600	50,000	57,000	53,900	134,400	12,300	58,300	23,300
1985	36,600	78,800	44,100	55,700	50,800	142,400	11,200	53,400	20,700
1986	34,500	72,100	40,700	60,900	51,500	148,200	10,800	53,100	20,500
1987	32,300	68,400	38,800	64,100	50,200	154,500	9,600	50,400	22,000
1988	30,400	64,600	36,900	61,900	50,000	156,400	9,600	48,700	23,400
1989	31,000	62,400	35,700	57,800	49,400	159,000	9,300	46,000	25,400
1990	29,600	57,000	32,100	50,900	48,000	157,700	8,100	43,400	25,100
Jan-Aug'90	28,900	57,600	32,400	52,100	48,300	157,200	8,100	43,600	25,200
Jan-Aug'91	30,500	53,200	30,900	47,400	46,600	156,100	7,800	41,900	24,600

Manhours of Production Workers (in millions)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	109.7	307.6	80.0	134.6	123.1	182.6	44.6	132.3	54.6
1980	97.1	202.6	92.7	114.2	97.9	209.2	24.1	113.4	49.4
1981	90.2	197.6	93.8	112.5	99.0	216.6	25.4	114.1	47.5
1982	78.1	179.9	89.7	101.7	92.1	199.9	20.4	102.8	41.9
1983	80.1	173.1	88.9	100.6	91.4	222.4	21.8	106.4	46.3
1984	72.7	160.1	86.8	106.5	98.7	241.1	22.7	107.6	43.6
1985	62.7	133.2	76.8	105.1	93.0	255.0	20.2	98.3	38.0
1986	60.1	123.0	71.9	116.9	95.7	263.1	19.0	99.3	40.4
1987	57.0	120.7	69.5	126.0	93.8	277.4	17.1	95.8	44.0
1988	54.9	114.6	66.4	122.2	93.0	281.0	17.2	92.9	45.6
1989	55.7	108.6	63.4	114.1	91.4	284.0	16.4	87.5	50.6
1990	52.2	96.2	56.8	96.1	87.8	279.9	14.2	82.5	47.5
Jan-Aug'90	34.6	66.1	38.9	67.8	59.7	188.7	9.6	55.6	32.7
Jan-Aug'91	35.7	62.1	37.2	60.9	58.5	190.1	9.2	53.8	30.9

Payrolls of Production Workers (in millions of dollars)

Period	Coat, Suit Skirt	Dress	Blouse	Knit Outerwear*	Children's Outerwear	Other Outerwear	Corsets, Brassieres	Underwear, Nightwear	Knit Underwear*
1973	$347.1	$906.5	$209.6	$389.0	$314.3	$481.7	$120.1	$321.9	$144.5
1980	489.2	953.7	399.0	535.6	417.9	930.0	105.9	464.1	225.4
1981	490.9	1,002.7	436.9	567.4	450.6	1,032.7	121.3	508.5	234.5
1982	444.0	946.5	427.8	534.1	436.2	991.7	103.9	476.3	216.6
1983	476.7	953.7	436.1	555.4	438.5	1,129.6	115.1	511.4	246.6
1984	448.8	912.1	439.2	615.9	488.8	1,261.0	125.4	535.4	241.8
1985	404.0	772.4	394.3	636.8	471.2	1,361.5	118.6	508.6	217.0
1986	388.1	720.0	366.0	742.7	494.1	1,428.8	117.3	518.6	238.2
1987	370.3	729.3	350.9	820.1	495.1	1,537.6	110.7	511.2	270.1
1988	358.6	712.5	340.4	782.2	511.8	1,625.9	112.5	513.7	294.8
1989	361.3	704.6	336.9	759.7	520.2	1,711.2	110.1	506.0	349.8
1990	361.3	638.1	315.8	698.2	522.3	1,719.8	99.2	498.6	349.6
Jan-Aug'90	236.8	432.3	214.9	489.3	352.7	1,151.7	67.1	335.0	241.0
Jan-Aug'91	254.2	422.7	214.2	455.9	358.3	1,202.7	66.0	339.4	231.5

* Men's and women's garments

Source: U.S. Bureau of Labor Statistics and ILGWU Research Department estimates

Work Week Lengthens

The average number of hours worked per week increased 1.1 percent in the first eight months of 1991, compared with the same 1990 months. Developments in the individual branches varied widely. In corsets and brassieres the work week was more than an hour longer. Employment in that industry was reduced sharply last year and with heightened demand for foundation garments as the year progressed, employers resorted to longer hours rather than hire additional personnel.

In dresses, children's outerwear and other women's outerwear the gain was over 40 minutes a week, while in underwear and blouses the increase was under one half hour per week. In three branches -- knit underwear, knit outerwear and coat, suit and skirt -- weekly hours declined.

Total hours worked in the industry in the first eight months of 1991 decreased 2.8 percent, reflecting the continually lower level of activity in the industry. Only two branches showed increases this year -- coat, suit and skirt and other outerwear. In the case of the latter, the longer work week helped offset the decline in employment.

Payrolls Gain

Total industry payrolls moved ahead 0.7 percent this year with the aid of a 4.7 percent advance in average weekly earnings. Strong gains in coats, suits and skirts and other outerwear, and smaller improvements in underwear and nightwear and children's outerwear helped overcome declines in the other five branches of our trade.

The unemployment rate among apparel workers hit 11.6 percent this past September, some 70 percent above the nationwide average rate. This is the fourth time this year that the apparel unemployment rate is in double digits and it is the highest September rate in 6 years.

Average Hourly Earnings, Women's Garment and Other Selected Industries

Industry	August 1985	August 1986	August 1987	August 1988	August 1989	August 1990	August 1991
WOMEN'S GARMENTS							
Coats, suits, and skirts	$6.54	$6.47	$6.41	$6.52	$6.55	$7.00	$7.23
Dresses	5.75	5.78	6.04	6.25	6.49	6.74	6.89
Blouses	5.06	5.10	5.01	5.11	5.30	5.61	5.83
Knitted outerwear*	6.07	6.33	6.49	6.42	6.71	7.31	7.64
Children's outerwear	5.05	5.19	5.29	5.51	5.69	5.99	6.17
Other outerwear	5.31	5.46	5.50	5.78	5.99	6.15	6.40
Corsets and brassieres	5.91	6.09	6.45	6.27	6.47	6.81	7.28
Underwear and nightwear	5.17	5.19	5.37	5.55	5.80	6.09	6.41
Knitted underwear*	5.65	5.87	6.11	6.49	6.94	7.40	7.63
MEN'S CLOTHING							
Suits and coats	6.56	6.58	6.55	6.75	7.07	7.29	7.37
Shirts and nightwear	4.97	5.13	5.24	5.36	5.64	5.99	6.24
Trousers and slacks	N.A.	N.A.	N.A.	5.60	5.68	5.95	6.20
Work clothing	N.A.	N.A.	N.A.	5.37	5.60	5.91	6.16
ALL MANUFACTURING	9.50	9.68	9.86	10.14	10.45	10.81	11.18
Nondurable goods	8.71	8.95	9.14	9.42	9.72	10.11	10.42
Printing and publishing	9.76	10.03	10.31	10.56	10.91	11.30	11.57
Rubber and plastic products	8.58	8.83	9.00	9.21	9.46	9.78	10.13
Cotton fabrics	7.05	7.39	7.56	7.66	8.04	8.35	8.63
Wool fabrics	7.11	7.37	7.55	8.02	8.43	8.57	9.07
Durable goods	10.05	10.20	10.39	10.66	10.99	11.35	11.77
Automobiles	13.28	13.29	13.37	13.81	14.15	14.52	15.33
Primary metal industries	11.62	11.73	11.93	12.11	12.43	12.96	13.41
COAL MINING	15.11	15.46	15.65	16.08	16.21	16.74	17.16
BUILDING CONTRACTORS	11.24	11.41	11.75	12.19	12.67	12.99	13.26
RETAIL TRADE	5.89	5.97	6.07	6.26	6.48	6.73	6.97
SERVICES	7.82	8.06	8.42	8.79	9.29	9.75	10.14

* Men's and women's garments

SOURCE: U.S. Bureau of Labor Statistics

AVERAGE HOURLY EARNINGS

Statistics on hourly earnings in women's and children's wear are compiled on a regular monthly basis by the U. S. Bureau of Labor Statistics and are shown on the preceding page. These data include union as well as non-union plants. They include overtime premium, but not fringe benefits.

Between August 1990 and August 1991, hourly earnings in the various branches of the women's and children's apparel industry increased substantially. The data reflect the impact of the major outerwear settlements negotiated by the ILGWU in mid-1991 and to a lesser degree the increase in the national minimum wage to $4.25 on April 1.

The largest increase -- 47 cents an hour -- took place in the corset and brassiere industry. The continued diversion of sewing and other assembly operations to Mexico and the Caribbean results in a greater proportion of higher paid work remaining in the U. S. and tends to raise the average wage.

Hourly earnings rose 33 cents in knitted outerwear and 32 cents in underwear and nightwear. Earnings increased 25 cents in other women's outerwear (including pants and miscellaneous sportswear) and were ahead 23 cents an hour in coats, suits and skirts and in knitted underwear.

Blouse industry earnings rose 22 cents an hour through August 1991, while those in children's outerwear were up by 18 cents. The smallest advance -- 15 cents an hour -- took place in the dress industry.

COMMENTARY

Negotiations to conclude the GATT (General Agreement on Tariffs and Trade) agreement, suspended in December, are expected to revive at the end of this month and continue into early November.

After the GATT talks broke down, it appeared that the NAFTA (North American Free Trade Agreement) would be concluded before any GATT accord. There were serious doubts as to whether the differences over agriculture in the GATT talks, which had led to the breakdown, could be reconciled.

The following analysis updates developments in both sets of negotiations. Despite the Administration's victory on fast track in May, it is still possible for Congress to amend any agreements reached when ratifying legislation is presented.

First, the GATT.

It will be recalled that negotiations broke down after the European Community rejected United States proposals, backed by other agriculture exporting nations, to end agricultural subsidies. For internal political and economic reasons, the Community could not agree with the United States either on a timetable for reducing or ending the subsidies or on the extent of reductions.

Is GATT Finished?

Since the talks collapsed in December, there has been no sign that either the European Community or the United States would back down from its position. Intransigence on this issue on both sides has prevented further negotiations in fourteen other areas. Among them are proposals to end controls on apparel and textiles, protection of intellectual property and market openings, all deemed by the United States government to be of great importance.

Whether the GATT talks will be reopened and any agreement reached or whether they will be suspended indefinitely will, therefore, depend on how important the U. S. government considers movement in the other trade areas cited above. Also involved is the very future of the GATT, which throughout its history has received its greatest support from the U. S.

To prevent the talks and GATT itself from falling apart, our government would have to help work out an agriculture formula, most likely highly technical in nature and understood mainly by the specialists, that it could claim to be satisfactory.

A Possible Solution

There is another possible "out", a long shot to be sure, but one that could save "face" for all concerned on the troublesome issue of agriculture. Under a formula to which the United States might agree, the European Community could offer to use some of its own surplus or its agricultural subsidy money to purchase agricultural products from Eastern Europe and sell or give them as aid to the Soviet Union to prevent famine there this winter.

This would help Eastern European economies and also provide aid to the various Soviet republics when they most need it, something the United States, apparently, is not now able to do either with financial credits or food shipments.

In exchange, the GATT could then move on to those areas where agreement might be reached and a longer

term solution of the United States-European Community differences on agriculture put off to a later time.

Farm Policy

In the early days of the GATT negotiations, the U. S. said that it would seek to abolish Section 22 of the agricultural act that provides the basis for government assistance to U. S. farmers. This position has not been publicly altered.

Given the government's desire to spread the gospel of free trade, the possibility should not be ruled out that it may unilaterally seek abolition of subsidies if there is no agreement on agriculture. While this would be a further signal of the government's commitment to free trade, it would add to the havoc that already attends the American family farmer.

Creation by the U. S. of a Western Hemisphere trade bloc in response to the EC and Japan's sphere of interest in Asia may mean that multilateralism is a thing of the past in U. S. policy. If so, the current GATT talks and maybe the GATT itself may be allowed to fall apart, perhaps to be replaced by a new trade organization or by nothing for the time being.

The Dunkel Formula

In an effort to keep GATT going, its Director General, Arthur Dunkel, has taken the initiative to get a small, but important, number of GATT committees meeting again. This may lead to a mini-GATT agreement, an agreement on some but not all of the fifteen areas, now reduced to seven committees, that have been under negotiation. If this happens, presumably those areas not yet agreed upon would be put off or dropped. What has been described as "make or break" meetings are scheduled for late October into early November.

There are growing reports that the understanding on apparel and textiles, reportedly reached last year, may be unraveling. Basic to the understanding was that the MFA (Multifiber Arrangement) would be ended and that all controls on apparel and textile exports would expire after a transition period.

Under the scenario, trade in apparel and textiles would be integrated into the GATT and the MFA regime would be replaced by unlimited access to the markets of importing countries by apparel and textile exporting nations. All that presumably had to be filled in to finalize the understanding was the length of the transition period and the scheduled growth rates during the transition.

New Fears

Since the collapse of the talks in December 1990, there have been growing reports that some smaller countries, which thought they would benefit from an end to controls, now fear that the nations that would truly gain would be the big exporters, especially the People's Republic of China. A number of them reportedly feel the need for protection for their exports through continuation of the quota system. These fears may result in making less certain what appeared to be an almost complete understanding. The next few weeks will tell.

With the GATT talks still in limbo, the MFA, which was due to expire July 31, 1991, has been renewed for another seventeen months, i.e., until December 31, 1993. The thinking behind the extension was that perhaps a GATT understanding could be fashioned during the MFA renewal period. If there was no GATT agreement, a chaotic situation could emerge if some kind of controls, such as those provided for by MFA, were not in place.

Our concerns about massive job losses when MFA ends, all controls are eliminated in a ten-year transition, followed by integration of apparel and textile trade into the GATT is underlined in a July 1991 study by the Conference Board. In its analysis of the proposal supported by the U. S. government, the conservative business research organization says:

> "The ten-year phase-out may displace two-thirds of U. S. textile and clothing production and some 1.4 million jobs. Job losses in supporting and supplying industries could be equally large."

Concerns About Trade

In our view, despite the fact that the U. S. government has not made effective use of MFA provisions and has given away apparel and textiles in trade negotiations in exchange for other perceived needs, the MFA is better than having no controls. We have urged that it be continued and that the U. S. government make full use of its rights under MFA.

Among many examples of how the government uses apparel in pursuit of its foreign policy objectives is the recent doubling of Turkey's quotas as payment for assistance in the Middle East war. Apparel quotas in Eastern Europe have also recently been doubled as a reward for embracing the free market system. The CBI (Caribbean Basin Initiative) program and NAFTA negotiations with Mexico now in progress

also give away apparel jobs in the interest of foreign policy or ideological needs.

We do not oppose assistance to the economic development of underdeveloped countries and nations that have emerged from dictatorial rule. However, we cannot accept a policy that exports our apparel jobs as the major source of such help.

We have, without success, urged the government to take quota from newly industrialized nations which no longer need apparel production to create jobs and give these quotas to more needy countries. It is not accidental that 240,000 apparel jobs in this country have been lost since 1980 or that more than 60 percent of all apparel consumed in the United States is imported.

NAFTA Slows Down

NAFTA negotiations among the United States, Mexico and Canada seem to have slowed after getting off to a rapid start. This may be a reflection of the fact that, although it was originally thought that negotiations would move along with ease, the more the detail is explored the more complex the negotiations have become.

Among the issues confronting the negotiations are the environment, the massive differential in wages between those of the United States and Canada and those of Mexico, agricultural trade, human rights issues and the lack of internal Mexican democratic procedures, rules of origin for products and product parts originating in the three countries and what happens to the sovereignty of each country if NAFTA becomes law.

Some of these issues may never be included in a final NAFTA draft. They are either too sensitive, especially for Mexico, or they will not be pushed sufficiently by the U. S.

Why NAFTA? Why Now?

The Administration decision to negotiate a free trade agreement with Mexico, to be followed by similar agreements with other Latin American nations to form a Western Hemisphere trading bloc, is, in large measure, a response to the European Community and Japan's growing dominance in Asia.

Free trade talks with other hemisphere countries or groups of countries have been under way for some time and a number of additional free trade agreements may be expected as soon as the NAFTA negotiations are completed.

The concept, contained in President Bush's EAI (Enterprise for the Americas Initiative), is not new; it has been proposed again and again in one form or another in the course of the last century. What is new, however, is the timing of the current effort.

The proposed alliance is, in effect, a political alliance as well. With the exception of the U. S. and Canada, it is not based on similar levels of development or close political and economic ties, but on the poverty of Latin America. With Europe now under the aegis of the EC and Asia under Japan's leadership, the Western Hemisphere trade bloc reflects a relative weakening of U. S. economic strength as the world is increasingly being divided into three major trading blocs. It also reflects the failure to reach agreement at the GATT.

Market Size

There is much talk about the size of the Mexican and Latin American market as though population alone determines the potential for economic development. Mexican -- and other Latin American -- wages are so low as to allow for little more than subsistence for the vast majority of the people.

The overwhelming number of Latin Americans do not participate in the market. What is involved, therefore, is not whether the United States will have more or less trade with Western Hemisphere countries, but the kind of trade in which we would engage.

For U. S. businessmen, free trade agreements with Mexico and other Latin American nations are supported not because of the market they might provide for U. S. products, but because of the low wages that characterize their economies. U. S. companies have been and will even more be encouraged to move production to these low wage countries to enhance their profits.

In the process, more U. S. jobs will be exported. In time, it will become more difficult for people (workers) in the U. S. to buy the products these businessmen bring back from Mexico and other Latin American countries. For Mexican and other Latin American workers, if current practice is any indication of the future, little if anything positive will occur.

Low Wages No Answer

Workers to the south of us will benefit minimally from the creation of low paying jobs. Experience has also shown that if wages in third world countries go up, U. S. entrepreneurs invariably move to cheaper labor areas. There are enough of these in the

hemisphere to meet the need. Profits are usually repatriated to the U. S. rather than being used for capital formation. Free trade will not change that.

The 807 and maquiladora programs have dominated U. S. apparel trade with Mexico. For Mexican apparel workers, they have done little more than to maintain the conditions under which they live. Nor has the Special Regime, introduced at the beginning of 1988 and providing for virtual quota free treatment for products assembled in Mexico from parts cut in the U. S. from U. S.-formed fabric, done anything to raise Mexican living standards. They have, however, perpetuated misery.

The U. S. International Trade Commission recognized the nature of apparel trade with Mexico in a February 1991 report which stated: "U. S. exports of finished apparel to Mexico are relatively insignificant. They are not expected to gain a large share of the Mexican market because of Mexico's labor-cost advantage and because of the limited incomes of most Mexican consumers."

When the EC admitted more "economically backward" Spain and Portugal into the Community in 1986, it proceeded from a "social charter" that aimed to standardize labor conditions within the Community by raising the lowest country levels to the highest. In sharp contrast, the U. S. and Mexico have agreed to exclude from NAFTA negotiations any consideration of a "social charter".

Rules of Origin

Major Asian countries have taken advantage of U. S. policy in the Caribbean to gain access to the U. S. apparel market. This indicates that, absent a strong rule of origin, such countries as Korea, Taiwan and China may seek to assemble apparel in Mexico in order to gain quota-free and duty-free access to U. S. markets under NAFTA.

Korea's President Roh Tae Woo is reported in The Journal of Commerce (September 30, 1991) as saying that his country would increase its investments in Mexico under a NAFTA accord. He went on to say that Mexico has been wooing Asian investments, suggesting that NAFTA would help foreign companies established in Mexico gain easier access to the United States market.

On the same day, The Wall Street Journal reported that the Korean President pledged to invest more than $900 million in Mexico. The report said that Korea would set up 16 businesses in Mexico to assemble electronics and manufacture auto parts and textiles (the generic term for apparel and textiles). Profits from such investments would, of course, flow back to the investing countries and not be used for capital formation in Mexico.

Major Issues

Unless strict rules of origin are agreed upon and enforced in a NAFTA agreement, the Korean plan will be duplicated by many other countries. Even the strictest rule, one requiring origin in the United States, Canada or Mexico of fiber, yarn, cloth, cutting and sewing, would not prevent export of U. S. apparel jobs to Mexico.

If such a rule is agreed upon by the three countries -- and this is far from certain -- U. S. textile interests might feel that they will be able to keep their domestic apparel fabric production going because they are far and away the largest fabric producers among the three NAFTA countries. It is, therefore, not accidental that a number of textile companies have been pushing for the kind of rule outlined above, instead of opposing the agreement outright.

Another issue of considerable importance is how the U. S. will react to the GATT tuna/dolphin decision. Application of U. S. law resulted in barring tuna imports from Mexico because of the way dolphins were treated by the tuna harvesters. GATT decided against the U. S. A basic, but still unanswered, question relates less to dolphin protection than to whether the U. S. will accept the ruling, which limits U. S. sovereignty.

Three environmental organizations have asked the federal courts to enjoin the U. S. government from negotiating NAFTA unless the government produces a detailed environmental impact study required by law. The environmentalists accuse the government negotiators of waffling on the legal requirement.